

November 6 – 11, 2016

# CRCP Week II: Capstone

## Session Descriptions and Learning Objectives



Certified Regulatory and Compliance Professional™ (CRCP™) Program





# 2016 Program Agenda

<b>Day 1</b>	<b>Sunday</b>
4:00 p.m. – 6:00 p.m.	Registration and Welcome Reception
<b>Day 2</b>	<b>Monday</b>
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.	<b>Session 1: Insider Trading</b>
10:30 a.m. – 10:45 a.m.	Break
10:45 a.m. – 12:15 p.m.	<b>Session 2: Broker-Dealer Litigation, Arbitration and Enforcement Proceedings</b>
12:15 p.m. – 1:30 p.m.	Lunch & Class Photo
1:30 p.m. – 3:00 p.m.	<b>Session 3: Dodd-Frank</b>
3:00 p.m. – 3:15 p.m.	Break
3:15 p.m. – 4:45 p.m.	<b>Session 4: Anti-Money Laundering Regulations</b>
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
<b>Day 3</b>	<b>Tuesday</b>
8:00 a.m. – 9:00 a.m.	Breakfast
9:00 a.m. – 10:30 a.m.	<b>Session 5: Investment Adviser Regulation</b>
10:30 a.m. – 10:45 a.m.	Break
10:45 a.m. – 12:15 p.m.	<b>Session 6: Foreign Markets &amp; Securities Regulation</b>
12:15 p.m. – 1:15 p.m.	Lunch
1:15 p.m. – 2:45 p.m.	<b>Session 7: Dodd Frank</b>
2:45 p.m. – 3:00 p.m.	Break
3:00 p.m. – 4:30 p.m.	<b>Session 8: Top Compliance Challenges</b>
4:30 p.m. – 5:00 p.m.	Break
6:00 p.m. – 6:30 p.m.	Cocktail Reception
6:30 p.m. – 8:00 p.m.	Dinner/Speaker: John J. Brennan, Chairman, FINRA Board of Governors

## 2016 Program Agenda | continued

<b>Day 4</b>	<b>Wednesday</b>
8:00 a.m. – 9:00 a.m.	Breakfast
9:00 a.m. – 10:30 a.m.	<b>Session 9: Advanced Suitability: Case Simulation</b>
10:30 a.m. – 10:45 a.m.	Break
10:45 a.m. – 12:15 p.m.	<b>Session 10: Introduction to Financial Products</b>
12:15 p.m. – 1:30 p.m.	Lunch
1:30 p.m. – 3:00 p.m.	<b>Session 11: Financial Products II</b>
3:00 p.m. – 3:15 p.m.	Break
3:15 p.m. – 4:45 p.m.	<b>Session 12: Municipal Securities Regulation</b>
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
<b>Day 5</b>	<b>Thursday</b>
8:00 a.m. – 9:00 a.m.	Breakfast
9:00 a.m. – 10:30 a.m.	<b>Session 13: Communications with the Public: FINRA Rule 2210</b>
10:30 a.m. – 10:45 a.m.	Break
10:45 a.m. – 12:15 p.m.	<b>Session 14: Business Ethics in the Financial Industry I</b>
12:15 p.m. – 1:30 p.m.	Lunch
1:30 p.m. – 3:00 p.m.	<b>Session 15: Business Ethics in the Financial Industry II</b>
3:00 p.m. – 3:15 p.m.	Break
3:15 p.m. – 4:45 p.m.	<b>Session 16: Privacy and Data Protection</b>
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
<b>Day 6</b>	<b>Friday</b>
8:00 a.m. – 9:00 a.m.	Breakfast
9:00 a.m. – 10:30 a.m.	<b>Session 17: International Financial Regulation</b>
10:30 a.m. – 10:45 a.m.	Break
10:45 a.m. – 12:15 p.m.	<b>Session 18: Crowdfunding</b>
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 week-long 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 advanced 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 II session.

## Session 1

### Insider Trading

This session builds upon concepts introduced during Week I related to the Securities Exchange Act of 1934 (“SEA”) Rule 10b-5. Professor Fisch covers the theories of insider trading liability and evidentiary thresholds via the exploration of high-profile cases. The session also addresses the disclosure requirements of Regulation FD (fair disclosure).

#### Learning Objectives

After completing this session, you will be able to:

- ▶ explain the theories of insider trading liability;
- ▶ understand how the theories work in the context of actual cases;
- ▶ identify situations that present particular risk for broker-dealers; and
- ▶ understand the requirements of Regulation FD and its relationship to insider trading.

#### Instructor

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

## Session 2

### Broker-Dealer Litigation, Arbitration & Enforcement Proceeding

This session provides an overview of the key types of proceedings in which brokers may face allegations of misconduct, including enforcement actions by the SEC and FINRA, private litigations and FINRA arbitration proceedings.

#### Learning Objectives

After completing this session, you will be able to:

- ▶ identify the type of proceedings applicable to a specific situation and ways to limit potential liability exposure;
- ▶ highlight critical differences among litigation, arbitration and enforcement proceedings;
- ▶ understand recent investigations and actions; and
- ▶ describe arbitration procedures.

#### Instructors

**Richard Berry** Executive Vice President, FINRA Dispute Resolution

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

### Sessions 3, 7

### Session 4

#### Dodd-Frank Act I and II

These sessions provide an overview of one of the most comprehensive pieces of legislation reforming the financial industry, focusing on the Dodd-Frank Act's impact to broker-dealers and investment banks. The sessions outline the Dodd-Frank Act's main provisions, including oversight of systemically important non-banks, regulatory structure for swaps and derivatives and the Volcker Rule.

##### Learning Objectives

After completing this session, you will be able to:

- ▶ discuss ways regulatory reform is intended to curtail systemic risk;
- ▶ understand rulemaking in the area of over-the-counter (OTC) derivatives and swaps; and
- ▶ analyze the complexities of the Volcker Rule.

##### Instructor

**David Skeel** S. Samuel Arsht Professor of Corporate Law, University of Pennsylvania Law School

#### Anti-Money Laundering Regulation

This session provides an overview of the anti-money laundering (AML) compliance requirements of the Bank Secrecy Act, USA PATRIOT Act and related international laws governing money laundering. The session covers noteworthy AML cases related to correspondent and private banking due diligence failures and failure to report suspicious activities.

##### Learning Objectives

After completing this session, you will be able to:

- ▶ understand the intersection of U.S. and international laws governing money laundering;
- ▶ apply strategies to identify and assess money laundering risk areas;
- ▶ evaluate customer due diligence standards; and
- ▶ understand the suspicious activity reporting framework, including identifying suspicious activities and reporting requirements.

##### Instructors

**Laura Leigh Blackston** Senior Regional Counsel, FINRA, New Orleans District Office

**Tim O'Neal Lorah** Senior Director, Global Investigations and Compliance Practice, Navigant

### Session 5

#### Investment Adviser Regulation

This session focuses on investment adviser regulation, by first exploring the definition of investment adviser, and the types of advisers. The session also explores registration requirements under the Investment Advisers Act of 1940. In addition, the session provides a discussion of the fiduciary standard compared to FINRA's suitability rule, as well as a discussion of other related financial industry regulations.

#### Learning Objectives

After completing this session, you will be able to:

- ▶ understand the definition of an investment adviser, including hedge funds;
- ▶ understand investment adviser registration requirements;
- ▶ compare the fiduciary standard to FINRA's suitability rule requirements; and
- ▶ discuss related financial industry regulations.

#### Instructor

**Jim Angel** Associate Professor, McDonough School of Business,  
Georgetown University

### Session 6

#### Foreign Markets & Securities Regulation

This session surveys aspects of foreign securities and banking practices, including interaction of global securities markets, collaborative regulation and operation of stock markets in transition economies. The session also covers Regulation S transactions, U.S. broker-dealers operating in foreign jurisdictions and jurisdictional reach.

#### Learning Objectives

After completing this session, you will be able to:

- ▶ understand how the U.S. and foreign capital markets are evolving globally;
- ▶ evaluate international aspects of U.S. broker-dealers operating in foreign jurisdictions;
- ▶ examine foreign regulatory regimes, such as the E.U., Japan and China, and their impact on foreign capital market regulation; and
- ▶ analyze extraterritorial jurisdiction post the Morrison case and Dodd-Frank Act.

#### Instructor

**Jim Angel** Associate Professor, McDonough School of Business,  
Georgetown University

### Session: 8

#### Top Compliance Challenges

This session explores issues related to understanding compliance and identifying top compliance challenges. The session also explores the increase in the scope and complexity of compliance-related regulation, and discusses the role of the compliance officer and how it differs from the roles of general counsel or chief risk officer. In addition, the session surveys compliance challenges, such as hiring, gathering background and credit information, training, and PCAOB audit requirements. The session closes by examining what firms should do when compliance efforts fail.

#### Learning Objectives

After completing this session, you will be able to:

- ▶ evaluate and understand the increase in the scope and complexity of compliance-related regulation;
- ▶ identify and discuss relevant compliance challenges; and
- ▶ learn what to do when compliance fails.

#### Instructor

**Geoffrey Parsons Miller** Stuyvesant P. Comfort Professor of Law and Director, Center for Financial Institutions, Faculty Co-Director, Program on Corporate Compliance and Enforcement and Center for Civil Justice, New York University School of Law

### Session: 9

#### Advanced Suitability: Case Simulation

This session covers suitability for modern times. The session begins with an overview of FINRA Rule 2111 (Suitability), including the rule's application to customer-specific suitability, product sales, and customer protection, and the concept of fiduciary duty. The session also uses a case study exercise to illustrate the nuances of the FINRA rule and compliance issues.

#### Learning Objectives

After completing this session, you will be able to:

- ▶ discuss expectations regarding a customer's capability to evaluate investment decisions;
- ▶ compare and contrast the relationship between suitability and fiduciary duty;
- ▶ analyze examples of misapplied suitability; and
- ▶ outline rule applications and strategies concerning customer-specific suitability, product sales, customer protection, margin accounts, mutual fund switching, etc.

#### Instructor

**Robert Mendelson** Attorney Fellow and Senior Advisor, FINRA

### Session: 10, 11

#### Introduction to Financial Products and Financial Products II

These sessions provide in-depth coverage different types of financial products, focusing on a variety of derivatives including options, forwards, futures contracts and swaps. The sessions explore how derivative contracts, such as credit default swaps and structured products, are used to create synthetic products and special purpose vehicles. The sessions also provide an overview of securitization and how exotic, synthetic and complex products are created. Scenarios are used to illustrate hedging, arbitrage and margin strategies.

#### Learning Objectives

After completing these sessions, you will be able to:

- ▶ examine credit default swaps and their prominence and use by market participants;
- ▶ understand how derivatives are used to create exotic products; and
- ▶ explain how contracts are designed to hedge risk and analyze counterparty risk exposure.

#### Instructor

**Krishna Ramaswamy** Professor of Finance, The Wharton School of the University of Pennsylvania

### Session: 12

#### Municipal Securities Regulation

This session provides an overview of the municipal securities markets, including the types of municipal securities and their regulatory structure. The session also covers current topics related to municipal securities, including continuing disclosure, the regulatory regime governing municipal advisers, transparency and trading and distressed municipalities.

#### Learning Objectives

After completing these sessions, you will be able to:

- ▶ distinguish between different types of municipal securities;
- ▶ understand the regulatory structure governing municipal securities; and
- ▶ discuss a variety of current topics related to municipal securities including continuing disclosure and the regulatory regime governing municipal advisers.

#### Instructors

**Jessica Kane** Director, Office of Municipal Securities, Securities and Exchange Commission

**Mike Post** General Counsel-Regulatory Affairs, Municipal Securities Rulemaking Board

**Cindy Friedlander** Director, Fixed Income Regulation, FINRA



### Session 13

#### FINRA Communications With the Public: FINRA Rule 2210

This session covers FINRA and SEC standards that govern correspondence and retail and institutional communications and provides guidance with regulatory interpretations. Communications content standards, approval, review and recordkeeping requirements are also discussed.

##### Learning Objectives

After completing this session, you will be able to:

- ▶ contrast requirements governing correspondence, retail and institutional communications;
- ▶ discuss recordkeeping, suitability and content requirements for communications;
- ▶ describe supervisory obligations; and
- ▶ identify key considerations for marketing new products.

##### Instructors

**James Fanto** Professor of Law, Brooklyn Law School

**Amy C. Sochard** Senior Director, FINRA Advertising Regulation

### Session 14, 15

#### Business Ethics in the Financial Industry I and II

These sessions highlight the theoretical foundation of business ethics and social responsibilities. The sessions also cover some noteworthy cases of high-profile misdeeds and ethical lapses.

##### Learning Objectives

After completing these sessions, you will be able to:

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

##### Instructors

**William Laufer** Julian Aresty Professor, Professor of Legal Studies and Business Ethics, Sociology and Criminology, and Director, the Carol and Lawrence Zicklin Center for Business Ethics Research, Wharton School of the University of Pennsylvania

**Djordjija Petkoski** Lecturer, Corporate Responsibility and Ethics, Wharton School of the University of Pennsylvania

Session 16

**Privacy & Data Protection**

This session addresses privacy and data protection laws with an in-depth focus on cybersecurity threats. The session also covers Regulation S-P (Privacy of Consumer Financial Information). Through real-life scenarios, the class explores data protection management and proper handling of personal information.

**Learning Objectives**

After completing this session, you will be able to:

- ▶ understand concepts related to privacy and data protection;
- ▶ understand the types of cybersecurity threats; and
- ▶ recognize risk areas and avenues for data breaches.

**Instructors**

**Dennis Dickstein** Chief Operating Officer, UBS Americas Legal  
**John Walsh** Partner, Sutherland Asbill & Brennan LLP

Session 17

**International Financial Regulation**

This session provides an overview of international finance and governance, including bank regulation, with an emphasis on understanding the Basel Accord.

**Learning Objectives**

After completing this session, you will be able to:

- ▶ identify issues related to international finance and governance; and
- ▶ discuss issues related to the Basel Accord.

**Instructor**

**Chris Brummer** Professor of Law and Faculty Director, Institute of International Economic Law, Georgetown Law

Session 18

**Crowdfunding**

This session provides an overview of the crowdfunding provisions of the JOBS Act of 2012. The session also offers a regulatory overview of the SEC crowdfunding rules and FINRA funding portal rules. The class also explores how funding portals generate revenue from their activities.

**Learning Objectives**

After completing this session, you will be able to:

- ▶ understand provisions of the JOBS Act as it relates to the crowdfunding exemption and crowdfunding intermediaries;
- ▶ understand the SEC crowdfunding and FINRA funding portal rules; and
- ▶ examine how funding portals are structured and conduct business.

**Instructors**

**Daniel M. Sibears** Executive Vice President, Office of Shared Services, FINRA  
**Alissa Robinson** Director, Membership Application Program, Office of Sales Practice, FINRA



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