

Session Descriptions

The 2013 FINRA Annual Conference features more than 30 sessions covering regulatory developments and priorities, and practical guidance on compliance issues. And it includes sessions of particular interest to attorneys, small firms and firms with complex, multi-line businesses.

AML Independent Testing (Small Firm Focus)

Industry practitioners discuss practices for annual independent testing of anti-money laundering compliance at small firms. They provide guidance in determining who should conduct the test and discuss how to address identified deficiencies. FINRA panelists address the most commonly cited deficiencies and recent enforcement actions related to independent testing.

AML: Monitoring for Suspicious Activity

This session focuses on monitoring for suspicious activity. Panelists review the relevant AML requirements and share common practices for monitoring accounts and transactions, particularly in master/sub-account relationships and low-priced securities.

Arbitration

This interactive session focuses on tips and strategies for attorneys. Topics include list selection, “extended list” arbitrator appointments, strategies for cases involving promissory notes and expungement relief, among others. Panelists also demonstrate the new online portal for parties, and provide updates on all-public panels and arbitrating disputes involving investment advisers.

Ask FINRA Senior Staff

FINRA senior staff members answer your questions on the examination program, enforcement, rulemaking, and other regulatory and compliance issues. Note: firm-specific questions can be discussed one-on-one with FINRA staff during the conference’s office hours.

Branch Office Inspections

Panelists discuss common deficiencies found during branch office inspections, and industry panelists share how they maintain effective branch office inspection programs.

Business Continuity Planning

This session focuses on what firms are doing to keep business continuity plans up to date. Panelists highlight lessons learned from recent disaster recovery events including Superstorm Sandy, and address leading practices in benchmarking, testing and emergency preparedness.

Communications With the Public

This session addresses new FINRA communications rules that become effective in February. Industry panelists and FINRA staff discuss how firms have implemented the new standards and lessons learned from the transition to the new rules. Panelists also discuss recent regulatory developments related to advertising and communications.

Consolidated Audit Trail (CAT) and Large Trader Reporting

Regulatory experts discuss the SEC's new consolidated audit trail rule, particularly what SROs are doing to create, implement and maintain a system to comply with the new rule requirements. Panelists also discuss the SROs' action plan and priorities for 2013, as well as the new SEC rule that requires large traders to identify themselves to the SEC.

Cyber Security

This session discusses cyber security with an emphasis on data privacy. Panelists discuss practices for protecting customer information from being compromised, addressing privacy concerns when developing information security procedures, and responding to security breaches.

Disciplinary Hearings

This session explains the disciplinary hearing process. Panelists from FINRA Enforcement, FINRA's Office of Hearing Officers, and the defense bar discuss the litigation and defense of a disciplinary proceeding. The panel covers hearing panels, discovery, post-complaint settlement options, mediation, the hearing officer's role, how the hearing panel arrives at and explains its decision, and the appeals process of FINRA's National Adjudicatory Council.

Enforcement Developments

This session provides an overview of new developments and trends in enforcement. Panelists highlight noteworthy decisions and settlements, and their impact on securities regulation and compliance practices. They also provide information and insights for preparing for an enforcement investigation and disciplinary proceeding.

Ethics for Securities Attorneys

During this session, panelists discuss common ethical situations and related ethical questions they pose, such as an attorney's responsibilities when representing a firm.

Examinations: Common Findings

Industry practitioners and FINRA staff members discuss the most common deficiencies found during FINRA cycle examinations and how to prevent them. Panelists discuss implementation of corrective actions and applying lessons learned to ongoing training efforts.

Examinations: Preparing for a Risk-Based Examination

In this session, industry practitioners and FINRA staff discuss sound practices and common challenges when preparing for a risk-based examination. FINRA staff members also cover what to expect during an onsite visit.

Financial and Operational Considerations

Panelists discuss examination findings related to net capital requirements. They also discuss compliance with segregation of customer funds versus exemption from the customer protection rule, including what firms are doing in this area to avoid common problems, and how firms are reporting supplemental FOCUS information. This session also addresses FINRA's top areas of focus in financial and operational reviews for 2013.

Fixed Income

Panelists discuss TRACE expansion to asset-backed securities and its impact, including TBA dissemination and the pending dissemination of specified pool transactions. Panelists also discuss other fixed income issues, including the current and future role of electronic trading.

Fraud Prevention: New Cases

This session focuses on recent noteworthy fraud cases. Panelists highlight recent insider trading cases, Ponzi schemes, market manipulations, and cyber ploys that targeted investors and the financial services industry.

Fraud Prevention: Firm Practices

This session highlights the most common fraudulent activities that occur at firms and what firms can do to prevent these activities. Panelists discuss "red flags" and investigative techniques, including effective use of technology to prevent, detect and mitigate fraud.

JOBS Act

This session focuses on regulatory and compliance developments related to the JOBS Act. Discussion areas include research, general solicitation and crowdfunding. Regulators address complying with new rule requirements and steps firms should take to prepare before the rules become operational.

Municipal Securities Update

This session covers developments and recent significant cases in municipal securities. Panelists discuss potential changes for municipal market participants as a result of the Dodd-Frank Act and new rules related to brokers' brokers and disclosures.

Outside Business Activities

Industry practitioners and FINRA staff members share common practices for monitoring registered representatives' activities, including the use of Web tools to identify outside business activities. The session focuses on key considerations when determining whether to approve outside business activities, and reviews relevant regulatory action in this area.

Private Placements

This session focuses on regulatory developments related to private placements. Discussion topics include the adoption of new FINRA Rule 5123 and the types of offering information firms must file when participating in the sale of a private placement. Panelists also discuss the SEC's proposed rule on general solicitation and due diligence obligations of firms as they relate to information disclosed to investors subscribing to an offering.

Reporting Requirements

FINRA staff members address requirements and common practices related to Form U4 and U5 filings. This session also covers reporting obligations and common practices under FINRA Rule 4530, including self-reporting of internal findings and upcoming rule changes.

Research

FINRA staff members discuss FINRA's debt research proposal, including communication between the debt research and trading departments, and exemptions for institutional debt research and firms with limited principal debt trading activity. Panelists also discuss SEC guidance on the JOBS Act research provisions.

Retail Sales of Complex Products

This session begins with a review of common FINRA examination findings involving complex products, including improper sales and supervision. Industry panelists then discuss their product vetting processes, supervisory systems and broker training for principal-protected notes, non-traded REITs, reverse-convertible notes, structured notes, leveraged and inverse ETFs, and other complex products.

Small Firm Compliance Practices I

The first of two sessions focused on issues of particular importance to small firms, this session addresses small firm practices in areas including outside business activities and business continuity planning.

Small Firm Compliance Practices II

The second of two sessions focused on issues of particular importance to small firms, this session continues the discussion by covering FOCUS filings, branch office inspections and cyber security issues. Industry practitioners also expand on topics discussed at other conference sessions by applying them to small firms.

Social Media and Other Communications Considerations (Small Firm Focus)

Panelists discuss small firm practices for complying with communications with the public rules, with an emphasis on social media. They offer guidance for evaluating whether to permit business use of social media, and how to implement social media policies and procedures. Panelists also address updating procedures and practices to align with new rule requirements.

Social Media Considerations

This session provides guidance on implementation challenges and practices that should be considered when adopting social media policies and procedures. Industry and regulatory panelists focus on the new state privacy requirements, disclosure and privacy considerations for mobile communications, compliance tools for supervision and record-retention practices.

Suitability

Panelists provide practical information about how firms are complying with the suitability and know your customer requirements. They discuss how to document and supervise hold recommendations and strategies as well as capture the required explicit customer-profile information. This session also covers firms' suitability review practices and common examination findings since the new suitability and modified know your customer requirements became effective.

Suitability (Small Firm Focus)

Panelists discuss how small firms are complying with suitability and know your customer requirements. They discuss approaches for documenting and supervising hold recommendations and for capturing required customer-profile information, among other suitability review practices.

Supervision Practices and Procedures (Small Firm Focus)

Panelists discuss supervision and supervisory control practices and procedures at firms with limited resources. They provide practical information on how to write supervisory procedures, stay abreast of rule changes and keep written supervisory procedures (WSPs) current.

Technology Priorities for Broker-Dealers

Industry experts address top technology priorities for compliance and information technology staff at broker-dealers. Panelists discuss topics such as cyber security, email and social media surveillance, among others.

Trading and Direct Market Access

This session covers FINRA's trading rules, with a focus on trade surveillance and market manipulation involving high-frequency trading. Panelists also discuss risk-management practices, including controls for development of algorithms, as well as the SEC's broader market access rule. Trading halts, interruptions in trading, blue sheet request and trade reporting are covered as well.