

Week I: Foundation

Session Descriptions and Learning Objectives

Certified Regulatory and Compliance Professional™
(CRCP™) Program



2014 Program Schedule

AUGUST 11 – 15	Day 1	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: Business Ethics & Compliance
	4:45 p.m. – 5:00 p.m.	Break
	5:00 p.m. – 6:00 p.m.	Group Meetings
	6:00 p.m. – 8:00 p.m.	Dinner
	Day 2	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.	Working 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: Top Compliance Challenges
	4:45 p.m. – 5:30 p.m.	Break
	5:30 p.m. – 6:30 p.m.	Reception
	6:30 p.m. – 8:00 p.m.	Dinner
	Day 3	Wednesday
	8:00 a.m. – 9:00 a.m.	Breakfast
	9:00 a.m. – 10:30 a.m.	Session 9: 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 10: Selected Topics: Securities Exchange Act
	12:15 p.m. – 1:30 p.m.	Lunch
	1:30 p.m. – 3:00 p.m.	Session 11: Selected Topics: Securities Exchange Act
	3:00 p.m. – 3:15 p.m.	Break
	3:15 p.m. – 4:45 p.m.	Session 12: Investment Adviser Regulation
	4:45 p.m. – 5:00 p.m.	Break
	5:00 p.m. – 6:00 p.m.	Group Meetings
	6:00 p.m. – 8:00 p.m.	Dinner

2014 Program Schedule

AUGUST 11 – 15	Day 4	Thursday
	8:00 a.m. – 9:00 a.m.	Breakfast
	9:00 a.m. – 10:30 a.m.	Session 13: Capital Markets
	10:30 a.m. – 10:45 a.m.	Break
	10:45 a.m. – 12:15 p.m.	Session 14: Broker-Dealer Regulation: Suitability
	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: Financial Responsibility and Managing Risks
	4:45 p.m. – 5:00 p.m.	Break
5:00 p.m. – 6:00 p.m.	Group Meetings	
6:00 p.m. – 8:00 p.m.	Dinner	
Day 5	Friday	
8:00 a.m. – 9:00 a.m.	Breakfast	
9:00 a.m. – 9:45 a.m.	Session 17: Retrospective Rule Review & Other FINRA Rulemaking Initiatives	
9:45 a.m. – 10:30 a.m.	Session 18: Managing Conflicts of Interest	
10:30 a.m. – 10:45 a.m.	Break	
10:45 a.m. – 12:15 p.m.	Session 19: Ask the Regulator	
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.

2014 Program Session Descriptions

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 and the SEC, this foundational program leverages case studies, lectures, and interactive discussions to foster a broad understanding of the securities 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 notable historical developments and legislative measures that have been enacted to protect investors against corporate malfeasance and securities fraud. The events highlighted span from the 1929 Stock Market Crash to the 2012 JOBS Act signing.

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
- ▶ 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, focusing primary on the initial public offering process. Professor Choi also covers the transactional component of raising capital, including the underwriting process as well as the requirements for shelf registrations. The scope of civil liability under the Securities Act 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
- ▶ Explain the scope of liability pursuant to the Securities Act

2014 Program Session Descriptions

Instructor

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

Session 4

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 business setting. The session also covers some 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
- ▶ 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

Sessions 5, 9

Enhancing Professional Conduct in the Financial Services Industry

These sessions review relevant principles of ethics 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. During the second session participants practice applying ethical theories through group exercises drawing and sharing from their own experiences.

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
- ▶ 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 offerings and transactions, pursuant to SEC rules, specifically focusing on Section 4(2) of the Securities Act and Regulation D exemptions as well as Regulation S. The discussion includes an analysis of the regulatory concept of accredited investor as well as the JOBS Act changes to 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 Rules 144 and 144A.

Learning Objectives

After completing this session, you will be able to:

- ▶ Differentiate between the different types of exempt offerings and transactions
- ▶ Summarize the requirements of private placement and offerings exemptions
- ▶ 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

Top Compliance Challenges

Panelists discuss their top compliance challenges and how these issues impact their firms' practices and procedures.

Learning Objectives

After completing this session, you will be able to:

- ▶ Understand current broker-dealer compliance challenges
- ▶ Analyze ways to tackle a firm's challenges
- ▶ Discuss best practices and compliance considerations

Moderator

Chip Jones, Senior Vice President, Member Relations and Education, FINRA

Speakers

Jim Jones, President and Chief Compliance Officer, Crews & Associates

Brian Kovack, Co-Founder and President, Kovack Securities

Session 10, 11

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 obligations via annual and quarterly reports
- ▶ 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 12

Investment Adviser Regulation

This session is an in-depth exploration of the Investment Advisers Act of 1940, which governs registered investment advisers providing investment advice. The session covers exemptions from registration, requirements applicable to a registered investment adviser and companion regulations for dually registered advisors. The session also addresses the debate between fiduciary duty standard of care and suitability.

Learning Objectives

After completing this session, you will be able to:

- ▶ Understand the definition of investment advisers
- ▶ Summarize the Advisers Act registration requirements and exemptions
- ▶ Understand what constitutes a prohibited transaction by registered investment advisers
- ▶ Analyze the requirements applicable to a registered investment advisor
- ▶ Describe fiduciary principles and applicability under the Advisers Act

Instructor

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

Session 13

Capital Markets

This session examines the current equity market structure, infrastructure and mechanics of securities trading. It also covers Regulation NMS—one of the most sweeping regulations—and its impact on market transparency, price discovery and fragmentation in today's marketplace.

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
- ▶ Discuss the effect “algo” trading has had on the U.S. equities markets

Instructor

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

Session 14

Broker-Dealer Regulation: Suitability

This session examines the suitability standards of investment recommendations to retail customers with a thorough review of FINRA regulatory requirements; transactions that could be deemed unsuitable based on a customer's investment profile; and strategies, including recommendation to hold. The session also covers practical challenges for associated persons making a suitability determination and for supervisors monitoring recommendations.

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
- ▶ Make determinations on 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 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.

Learning Objectives

After completing this session, you will be able to:

- ▶ Understand FINRA Supervision and Supervisory Control Rules
- ▶ Outline key changes to FINRA's rules governing supervision and supervisory controls
- ▶ Recognize applicable FINRA conduct rules
- ▶ Explain the role of compliance in the firm and identify supervisors' roles in various situations
- ▶ Describe the primary objectives of a regulatory audit and recommendations for a successful audit

Instructors

Kosha Dalal, Associate Vice President and Counsel, Office of General Counsel, FINRA

James Fanto, Gerald Baylin Professor of Law, Brooklyn Law School

Session: 16

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:

- ▶ 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

Instructors

James Fanto, Gerald Baylin Professor of Law, Brooklyn Law School

Bill Wollman, Executive Vice President, Office of Risk Oversight and Operational Regulation, FINRA

Session 17

Retrospective Rule Review & Other FINRA Rulemaking Initiatives

This session features a moderated discussion with FINRA's Chief Legal Officer, on FINRA's rulemaking agenda and process, including the retrospective rule review process. Other topics include proposed fixed income and market reforms.

Learning Objectives

After completing this session, you will be able to:

- ▶ Understand FINRA rulemaking from an internal process perspective
- ▶ Gain insight about emerging issues on FINRA's rulemaking agenda

Moderator

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

Speaker

Bob Colby, Executive Vice President and Chief Legal Officer, FINRA

Session 18

Managing Conflicts of Interest

The session involves a moderated discussion concerning material conflicts firms are currently managing as well as conflict reviews. The discussion focuses on firms' practices for identifying and mitigating conflicts of interest. Scenarios are used to highlight business practices that put the firm's interests ahead of those of its customers, specifically focusing on compensation arrangements, sale and marketing of complex financial instruments and broker-dealer interaction with non-securities firms.

2014 Program Session Descriptions

Learning Objectives

After completing this session, you will be able to:

- ▶ Examine conflicts of interest within a legal framework to understand the potential risks they may present
- ▶ Identify types of conflicts of interest that may arise at broker-dealer firms
- ▶ Evaluate approaches for identifying potential conflicts of interest and develop processes for managing conflicts

Moderator

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

Speakers

Victoria Bach-Fink, President and CEO, Wall Street Financial Group

Dan Sibears, Executive Vice President, Member Regulation—Shared Services, FINRA

Session 19

Ask the Regulator

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
- ▶ 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

Bob Colby, Executive Vice President and Chief Legal Officer, FINRA

Suzanne McGovern, Assistant Director, Office of Compliance Inspections and Examinations, Broker-Dealer Examination Program, Securities and Exchange Commission

Dan Sibears, Executive Vice President, Member Regulation—Shared Services, FINRA

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