Outside Business Activities / Private Securities Transactions
Thursday, December 7
9:45 a.m. – 10:45 a.m.

Outside business activities (OBAs) and private securities transactions (PSTs) are regulatory and examination priorities, as they can both result in conflicts of interest that firms must understand and mitigate. Join industry practitioners and FINRA staff as they cover conflicts related to OBAs and PSTs, and the key legal requirements of, and practical tips for, supervising such activities.

Moderator: Dawn Calonge
Surveillance Director, Sales Practice
FINRA Boca Raton District Office

Panelists: Penny Blackwell
Deputy Regional Chief Counsel
FINRA Enforcement

Kenneth Fasone
Executive Vice President
LPL Financial

Christopher Stoehrfeldt
Examination Manager, Sales Practice
FINRA Boca Raton District Office
Outside Business Activities and Private Securities Transactions Panelist Bios:

Moderator:

**Dawn Calonge** is Surveillance Director in FINRA’s Florida District Office located in Boca Raton, Florida. Ms. Calonge manages Regulatory Coordinator staff that are responsible for the ongoing financial monitoring and sales practice surveillance of member firms in the Florida District Office. Prior to becoming a Surveillance Director, she served as an Examination Manager responsible for managing examination staff that conducted cycle and cause examinations. Ms. Calonge joined FINRA as a Staff Examiner, investigating a wide range of member firm activities. Prior to joining FINRA, Ms. Calonge worked at the U.S. Securities and Exchange Commission and the New York Stock Exchange. Prior to her regulatory work, Ms. Calonge worked in the accounting field and received her Bachelor of Business Administration degree with a major in Accounting from the University of Miami in Coral Gables, Florida.

Panelists:

**Penelope Blackwell** is Deputy Regional Chief Counsel for FINRA Enforcement in Dallas, Texas. Prior to joining FINRA in 2014, Ms. Blackwell was a Shareholder in the law firm of Greenberg Traurig LLP. In private practice, Ms. Blackwell represented clients in all aspects of security litigation and regulatory proceedings. Ms. Blackwell graduated Order of the Coif from Louisiana State University Paul M. Herbert Law Center, and clerked for the Honorable Henry A. Politz, United States Court of Appeal for the Fifth Judicial Circuit.

**Kenneth Fasone** serves as Executive Vice President, Compliance, Legal, and Risk at LPL Financial. As Executive Vice President and head of the Business Risk Management department in Compliance, Legal, and Risk (CLR), Mr. Fasone is responsible for the Supervision, Advisor Review and Outside Business Activities management functions. Mr. Fasone’s responsibilities include the day to day supervisory and oversight functions that include Home Office Supervision, Complex Products Supervision and Central Supervision that reviews emails, non-electronics correspondence and consolidated reports. Mr. Fasone is also responsible for developing a long-term strategic plan to enhance the oversight and supervisory control processes and reporting functions for CLR. Mr. Fasone has more than 30 years of experience in the financial services industry including branch supervision, compliance technology and business risk management. Prior to joining LPL in June 2014, he was an Executive Director in Morgan Stanley’s Wealth Management Information Security Risk and Control group, where he was responsible for executing MS Wealth Management’s Information Security Risk and Business Continuity programs. In earlier roles, Mr. Fasone served as a senior Compliance officer responsible for the development and execution of various technology platforms including supervision, surveillance, email and social media. He began his career as a supervisor in a large full service retail branch office. Mr. Fasone earned his Bachelor of Science degree in Business Management from the State University of New York at Binghamton and has been a financial service professional for his entire career.

**Christoph Stoehrfeldt** is Examination Manager in FINRA’s Cycle Examination Program where he oversees the conduct of routine examinations of FINRA members, having previously worked in the financial services industry, broker-dealer compliance and as an NASD/FINRA examiner. Mr. Stoehrfeldt holds a Bachelor’s Degree in Finance and Economics from the University of Miami (FL) and a law degree from Nova Southeastern University (FL). He is a member of the Florida Bar Association and maintains the Certified Anti-Money Laundering Specialist (CAMS) designation.
Outside Business Activities and Private Securities Transaction
Panelists

Moderator

- Dawn Calonge, Surveillance Director, Sales Practice, FINRA Boca Raton District Office

Panelists

- Penny Blackwell, Deputy Regional Chief Counsel, FINRA Enforcement
- Kenneth Fasone, Executive Vice President, LPL Financial LLC
- Christopher Stoehrfeldt, Examination Manager, Sales Practice, FINRA Boca Raton District Office
Agenda

- FINRA Rule 3270 – Outside Business Activities (OBAs)
  - The Rule
  - Assessment of the impact of the OBA
  - Firm’s processes and evaluation of the OBAs
  - Practical considerations
- FINRA Rule 3280 – Private Securities Transactions (PSTs)
  - The Rule
  - Practical considerations
- Enforcement Actions
- Resources
Resources

- **FINRA Rule 3270. Outside Business Activities of Registered Persons**

- **FINRA Rule 3280. Private Securities Transactions of an Associated Person**

- **FINRA Regulatory Notice 17-20, FINRA Requests Comment on the Effectiveness and Efficiency of Its Rules on Outside Business Activities and Private Securities Transactions**
  - [www.finra.org/industry/notices/17-20](http://www.finra.org/industry/notices/17-20)
Resources (Continued)

- **FINRA Regulatory Notice 10-49, SEC Approves Consolidated FINRA Rules** (October 2010)

- **Notice to Members 01-79, Selling Away and Outside Business Activities** (December 2001)

- **Notice to Members 96-33, NASD Clarifies Rules Governing RR/IAs** (May 1996)
Resources (Continued)

- FINRA Reviews Rules on Outside Business Activities and Private Securities Transactions

- Conflicts of Interest
  - www.finra.org/industry/conflicts-of-interest

  - www.finra.org/industry/rule-filings/sr-finra-2015-030
Resources (Continued)

  - [www.finra.org/web/groups/industry/@ip/@reg/@rulfil/documents/rulefilings/p121995.pdf](www.finra.org/web/groups/industry/@ip/@reg/@rulfil/documents/rulefilings/p121995.pdf)

- Conflicts of Interest and Risk Governance – Speech on 10/22/2012 by Carlo V. di Florio, Director of OCIE, to the National Society of Compliance Professionals
Questions
Outside Business Activities / Private Securities Transactions
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Resources

Rules
- FINRA Rule 3270. Outside Business Activities of Registered Persons
- FINRA Rule 3280. Private Securities Transactions of an Associated Person

Notices
- FINRA Regulatory Notice 10-49, SEC Approves Consolidated FINRA Rules (October 2010)
- Notice to Members 01-79, Selling Away and Outside Business Activities (December 2001)
- Notice to Members 96-33, NASD Clarifies Rules Governing RR/IAs (May 1996)

Other Resources
- FINRA Reviews Rules on Outside Business Activities and Private Securities Transactions
• Conflicts of Interest
  
  www.finra.org/industry/conflicts-of-interest


  www.finra.org/industry/rule-filings/sr-finra-2015-030

• SEC Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, Relating to Outside Business Activities of Registered Persons. See SEC Release No. 34-62762 (August 23, 2010), 75 FR 53362 (August 31, 2010), File No. SR-FINRA-2009-042

  www.finra.org/web/groups/industry/@ip/@reg/@rulfil/documents/rulefilings/p121995.pdf

• Conflicts of Interest and Risk Governance – Speech on 10/22/2012 by Carlo V. di Florio, Director of OCIE, to the National Society of Compliance Professionals

  www.sec.gov/news/speech/2012-spch103112cvdhtm