



2019 FINRA Senior Investor Protection Conference

November 12 | Washington, DC

Working With Senior Investors **Tuesday, November 12, 2019** **10:30 a.m. – 11:20 a.m.**

During this session, FINRA staff and industry panelists discuss the current and upcoming senior population, and provide practical tips for working with an aging decision maker. As marketing and communicating to senior investors is a vital part of many firms' business, panelists will also highlight the importance of ensuring clear and effective communication, and discuss varied oversight practices.

Moderator: Steven Polansky
Senior Director
FINRA Member Supervision

Speakers: Dean Harman
Founder
Harman Wealth Management, LLC

Thomas Mierswa
Executive Director
Morgan Stanley

Kara Suro
Vice President and Chief of External Fraud Organization within the Financial Crimes
Risk Management Group
Charles Schwab

Working With Senior Investors Panelist Bios:

Moderator:

Steven Polansky is Senior Director in FINRA's Office of Shared Services. In this capacity, Mr. Polansky leads special national initiatives--including FINRA's digital investment advice and earlier cybersecurity and conflicts of interest reviews--and special projects. In addition, he leads development of FINRA's annual risk monitoring and examination priorities letter as well as the Examination Findings report. Mr. Polansky is a member of the team supporting FINRA's Innovation Outreach Initiative and co-leads the FINRA FinTech Industry Committee. Previously, Mr. Polansky worked in FINRA's International Department, where he was responsible for analyzing international regulatory developments and leading FINRA's relationships with select financial regulators in Europe and Asia as well as international financial institutions. In addition, Mr. Polansky led advisory projects in a number of jurisdictions related to, among other things, risk-based supervision, prudential oversight and market surveillance. Prior to joining FINRA, he was a management consultant with PricewaterhouseCoopers, and he served for seven years as a professional staff member on the Committee on Foreign Relations in the United States Senate. At the Committee, Mr. Polansky was responsible for advising the Chairman on funding for the Department of State and other foreign policy agencies, missile non-proliferation and international environmental issues. Mr. Polansky received his master of business administration in finance from The Wharton School at the University of Pennsylvania, his master of public administration from the Kennedy School of Government at Harvard University, and his bachelor degree in history from Colgate University.

Speakers:

Dean Harman is founder and CEO of Harman Wealth Management and partner and co-founder of Alphalytics Research, both based near Houston, TX. A thought leader in the investing and financial advisory field, Mr. Harman created independent wealth advisory firm Harman Wealth Management in 1994, which he has expanded through multiple acquisitions. In 2015, he helped create Alphalytics Research, the foremost authority in U.S. business cycle analytics. Mr. Harman is quoted frequently in national media and has testified before the U.S. Congress about the financial services industry. He is the author of *Win By Not Losing: Why Wall Street's Conventional Wisdom Fails Investors—And How They Can Do Better* (Greenleaf Publishing, 2013). Through Harman Wealth Management and Alphalytics Research, Mr. Harman champions an innovative, evidence-based approach to protecting and growing investment capital by harnessing business cycle analytics. He serves on the board of directors of the Financial Services Institute and the advisory board of The College of Business and Behavioral Sciences at Clemson University. Mr. Harman holds a degree in business management from Clemson, where he also played football. He holds the Certified Financial Planner (CFP®) designation, denoting a high standard of competency and ethics. Mr. Harman has been quoted in the *Wall Street Journal*, the *New York Times*, *Newsweek*, *Kiplinger's*, *Smart Money*, *The Journal of Financial Planning*, *Investment News* and several other outlets. As an aside, Mr. Harman had a brief appearance in the movie *Tin Cup*.

Tom Mierswa is Executive Director in the Branch Advisory Group of the Legal and Compliance Division of Morgan Stanley. He started his career on Wall Street as a senior litigation counsel, later turning to retail advisory law, which is his practice today. A graduate of Williams College and American University's Washington College of Law, before joining Wall Street, Mr. Mierswa clerked on the District of Columbia Court of Appeals and served as an Assistant District Attorney and Senior Investigative Counsel in the New York County District Attorney's Office under Robert M. Morgenthau. He has been an adjunct professor of law at Fordham University Law School, sits periodically as a FINRA arbitrator, is an active member of SIFMA's Senior Investor's Working Group and frequently presents on industry issues arising from the handling of accounts of senior investors.

Kara Suro is Vice President and the Chief of Charles Schwab's External Fraud Organization within the Financial Crimes Risk Management Group. Ms. Suro's teams include Fraud Investigations, Visa and Check Fraud Investigations, Advisor Services Surveillance and Investigations, and Senior & Vulnerable Investors Investigations which provide enterprise-wide investigations coverage relating to financial and cyber fraud against clients as well as fraud and regulatory violations by registered investment advisors using Schwab's Advisor Services platform. Prior to returning to Schwab in her current capacity in 2015,

Ms. Suro was a Managing Director with Schwab's Compliance Regulatory Group from 2011 to 2012. Ms. Suro has a JD, is a member of the California bar and was a securities attorney prior to joining Schwab.



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Panelists

■ Moderator

- **Steven Polansky, Senior Director, FINRA Member Supervision**

■ Panelists

- **Dean Harman, Founder, Harman Wealth Management, LLC**
- **Thomas Mierswa, Executive Director, Morgan Stanley**
- **Kara Suro, Vice President and Chief of External Fraud Organization within the Financial Crimes Risk Management Group, Charles Schwab**

To Access Polling

- Under the “Schedule” icon on the home screen,
- Select the day,
- Choose the Working With Senior Investors session,
- Click on the polling icon:



Polling Question 1

- 1. Has your firm designated a specific unit(s) – or individual(s) – to handle senior-specific issues that may arise?**
 - a. Yes**
 - b. No**

Polling Question 2

2. Does your firm offer senior-specific training for Financial Advisors?

- a. Yes**
- b. No**

Polling Question 3

3. Does your firm offer senior-specific training for Supervisors?

- a. Yes**
- b. No**

Regulatory Notices on Seminars and Designations

Regulatory Notice

07-43

Senior Investors

FINRA Reminds Firms of Their Obligations Relating to Senior Investors and Highlights Industry Practices to Serve these Customers

Executive Summary

One of FINRA's priorities is the protection of senior investors, as well as Baby Boomers who are at or approaching retirement.¹ FINRA's efforts in this area include investor education, member education and outreach, examinations and enforcement. The purpose of this Notice is to urge firms to review and, where warranted, enhance their policies and procedures for complying with FINRA sales practice rules, as well as other applicable laws, regulations and ethical principles, in light of the special issues that are common to many senior investors. The Notice also highlights, for the consideration of FINRA's member firms, a number of practices that some firms have adopted to better serve these customers.

September 2007

Notice Type

- Guidance

Suggested Routing

- Advertising
- Compliance
- Continuing Education
- Legal
- Registered Representatives
- Senior Management

Key Topic(s)

- Baby Boomers
- Communications with the Public
- Designations and Credentials

Regulatory Notice

11-52

Senior Designations

FINRA Reminds Firms of Their Obligations Regarding the Supervision of Registered Persons Using Senior Designations

Executive Summary

FINRA is publishing this Notice to remind firms of their supervisory obligations regarding the use of certifications and designations that imply expertise, certification, training or specialty in advising senior investors (senior designations). This Notice also outlines findings from a survey of firms and highlights sound practices used by firms with respect to senior designations. Firms are encouraged to adopt the practices that are outlined in this Notice to strengthen their own supervisory procedures, as appropriate to their business.

Questions or comments concerning this Notice may be directed to Lisa Stupszek, Associate Director, Office of Risk, at (561) 443-8015.

Background and Discussion

For several years, FINRA has focused on firms' fair dealings with senior investors, as well as investors at or approaching retirement (hereinafter together referred to as senior investors). In this regard, in September 2007, FINRA issued *Regulatory Notice 07-43*, which highlighted certain issues that are common to many senior investors and reminded firms of their obligations

November 2011

Notice Type

- Guidance

Suggested Routing

- Advertising
- Compliance
- Continuing Education
- Legal
- Registered Representatives
- Senior Management

Key Topics

- Communications With the Public
- Designations & Credentials
- Retirement
- Senior Investors
- Supervision

Referenced Rules & Notices

- Regulatory Notice 07-43
- FINRA Rule 2010

Polling Question 4

- 4. Does your firm use, or allow registered representatives to use, digital / social media channels to market to seniors?**
- a. Yes**
 - b. No**

Complex Products

Regulatory Notice

12-03

Complex Products

Heightened Supervision of Complex Products

Executive Summary

This *Notice* provides guidance to firms about the supervision of complex products, which may include a security or investment strategy with novel, complicated or intricate derivative-like features, such as structured notes, inverse or leveraged exchange-traded funds, hedge funds and securitized products, such as asset-backed securities. These features may make it difficult for a retail investor to understand the essential characteristics of the product and its risks.

The *Notice* identifies characteristics that may render a product “complex” for purposes of determining whether the product should be subject to heightened supervisory and compliance procedures and provides examples of heightened procedures that may be appropriate.

Questions concerning this *Notice* should be directed to Tom Selman, Executive Vice President, Regulatory Policy, at (202) 728-6977.

Background

FINRA often has reminded firms of their obligation to assess the potential risks associated with products that raise specific investor protection concerns. In 2003, FINRA issued two *Notices* addressing the sale of hedge funds and non-conventional instruments to retail investors.¹ In 2005, FINRA issued [Notice to Members 05-26](#) (NASD Recommends Best Practices for Reviewing New Products), which recommends best practices for reviewing new products

January 2012

Notice Type

- Guidance

Suggested Routing

- Advertising
- Compliance
- Legal
- Senior Management

Key Topics

- Complex Products
- Due Diligence
- Suitability
- Supervision
- Training

Referenced Rules and Notices

- FINRA Rule 2010
- FINRA Rule 2020
- FINRA Rule 2111
- FINRA Rule 2360
- NASD Rule 2310
- NTM 03-07
- [FINRA 03-71](#)

Polling Question 5

- 5. Does your firm offer training on advance planning for registered representatives?**
- a. Yes**
 - b. No**



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Resources

FINRA Notices

- FINRA *Regulatory Notice 12-03, Complex Products, Heightened Supervision of Complex Products* (January 2012)

www.finra.org/sites/default/files/NoticeDocument/p125397.pdf

- FINRA *Regulatory Notice 11-52, Senior Designations, FINRA Reminds Firms of Their Obligations Regarding the Supervision of Registered Persons Using Senior Designations* (November 2011)

www.finra.org/sites/default/files/NoticeDocument/p125092.pdf

- FINRA *Regulatory Notice 07-43, Senior Investors, FINRA Reminds Firms of Their Obligations Relating to Senior Investors and Highlights Industry Practices to Serve these Customers* (September 2007)

www.finra.org/sites/default/files/NoticeDocument/p036816.pdf