



2022 Annual Conference

May 16 –18 | Washington, DC | Hybrid Event

Hot Topics in Municipal Securities and Other Fixed Income

Tuesday, May 17, 2022

11:00 a.m. – 12:00 p.m.

FINRA and MSRB staff discuss recent enforcement actions related to municipal securities (e.g., 529 Plans, municipal short positions), examination priorities, fixed income-related rulemaking and common problems uncovered during Member Supervision and Market Regulation reviews.

Moderator: Cynthia Friedlander
Senior Director, Fixed Income Regulation
FINRA Office of General Counsel

Panelists: Gene Davis
Director, Fixed Income Program
FINRA Member Supervision

Bri Joiner
Director, Regulatory Compliance
Municipal Securities Rulemaking Board (MSRB)

John Saxton
Senior Director, Trading and Execution (T&E) Fixed Income Examination
FINRA Market Regulation

Hot Topics in Municipal Securities and Other Fixed Income Panelists Bios:

Moderator:



Cynthia Friedlander is Senior Director of Fixed Income Regulation in FINRA's Office of General Counsel. Ms. Friedlander is responsible for directing the design, development and delivery of fixed income-related examination and policy guidance to FINRA staff, as well as to member firms, and is FINRA's primary liaison to the Municipal Securities Rulemaking Board and the Securities and Exchange Commission's Office of Municipal Securities. Ms. Friedlander represents FINRA at government agency, SRO, industry and advisory meetings and is a staff liaison to FINRA's Fixed Income Committee. She holds a B.A. in government from the University of Virginia and an M.B.A. with a concentration in finance from George

Mason University.

Panelists:



Gene C. Davis is Director of FINRA's Fixed Income Specialist Team. The Fixed Income Specialist Team is responsible for conducting higher risk fixed income examinations and those of firms engaged in a material fixed income business. Mr. Davis has been with FINRA (formerly NASD) since February 1997 and has participated in numerous matters of member firms engaged in a myriad of fixed income business lines. Mr. Davis has completed the FINRA Institute at Wharton Certificate Program, obtaining the Certified Regulatory and Compliance Professional™ (CRCP™) designation in 2004.



Bri Joiner is Director of Regulatory Compliance at the Municipal Securities Rulemaking Board (MSRB), in which she oversees a portfolio of programs under the MSRB's Market Regulation department, maintaining responsibility for strategic planning and execution of long-term objectives. Ms. Joiner is directly responsible for the MSRB's professional qualifications program, examiner training program and regulatory compliance program initiatives. Prior to assuming her current role, Ms. Joiner managed the MSRB's regulatory education program leading the development and delivery of content for regulated entities and market stakeholders in support of a fair and efficient municipal securities market. Prior to joining the MSRB, Ms. Joiner spent 10 years at the Financial Industry Regulatory Authority (FINRA). She served as Senior Regulatory Policy Analyst in FINRA's Office of General Counsel, where she worked on rulemaking initiatives and researched legal and compliance matters. She also held the position of Senior Manager in FINRA's Member Education and Training department, where she advised on initiatives having a market impact and served as a subject matter expert on various topics. Ms. Joiner began her career at the U.S. Securities and Exchange Commission. Ms. Joiner earned a bachelor's degree, *magna cum laude*, from Spelman College and a juris doctor from the Walter F. George School of Law, Mercer University. She is a member of Phi Beta Kappa Honor Society, Golden Key International Honour Society and Phi Delta Phi Legal Fraternity.



John Saxton is Senior Director in FINRA's Division of Market Regulation. He joined FINRA/New York Stock Exchange in 1997 and currently leads the Trading and Execution Fixed Income Examination team. This specialized team is responsible for conducting trading and execution reviews in fixed income securities within FINRA's cycle examination program. Prior to his current role, Mr. Saxton was a Senior Director in FINRA's Division of Market Regulation supervising several surveillance teams and was a Trial Counsel in NYSE's Division of Enforcement. Mr. Saxton earned his J.D. from New York Law School and a B.S. in Business Administration from St. Michael's College.

Hot Topics in Municipal Securities and Other Fixed Income

Panelists

○ Moderator

- Cynthia Friedlander, Senior Director, Fixed Income Regulation, FINRA Office of General Counsel

○ Panelists

- Gene Davis, Director, Fixed Income Program, FINRA Member Supervision
- Bri Joiner, Director, Regulatory Compliance, Municipal Securities Rulemaking Board (MSRB)
- John Saxton, Senior Director, Examinations Trading and Execution (T&E) Fixed Income Examination, FINRA Market Regulation



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Resources:

FINRA Resources:

- 2022 Report on FINRA's Examination and Risk Monitoring Program
www.finra.org/sites/default/files/2022-02/2022-report-finras-examination-risk-monitoring-program.pdf
- Firm Short Positions and Fails-to-Receive in Municipal Securities
www.finra.org/rules-guidance/guidance/reports/2022-finras-examination-and-risk-monitoring-program/firm-short-positions-fails-receive
- Communications with the Public: Regulatory Obligations and Related Considerations
www.finra.org/rules-guidance/guidance/reports/2022-finras-examination-and-risk-monitoring-program/communication-with-public
- Best Execution: Regulatory Obligations and Related Considerations
www.finra.org/rules-guidance/guidance/reports/2022-finras-examination-and-risk-monitoring-program/best-execution
- Fixed Income Confirmation Disclosure: Frequently Asked Questions (FAQ)
www.finra.org/rules-guidance/key-topics/fixed-income/confirmation-disclosure-faq
- FINRA Regulatory Notice 21-12, *FINRA Reminds Member Firms of Their Obligations Regarding Customer Order Handling, Margin Requirements and Effective Liquidity Management Practices During Extreme Market Conditions* (March 2021)
www.finra.org/rules-guidance/notices/21-12
- FINRA Regulatory Notice 16-30, *FINRA Reminds Firms of their Obligation to Report Accurately the Time of Execution for Transactions in TRACE-eligible Securities* (August 2016)
www.finra.org/rules-guidance/notices/16-30
- FINRA Regulatory Notice 15-27, *Guidance Relating to Firm Short Positions and Fails-to-Receive in Municipal Securities* (July 2015)
www.finra.org/rules-guidance/notices/15-27

Other Resources:

- SEC No-action Letter Regarding Rule 15c2-11 and Fixed Income Securities

- Market Discount on Municipal Securities Transactions
 - MSRB *Interpretive Notice Regarding Rule G-47, on Time of Trade Disclosure – Disclosure of Market Discount* (November 22, 2016)
www.msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-47?tab=2
 - MSRB *Issue Brief: Tax and Liquidity Considerations for Buying Discount Bonds*
www.msrb.org/-/media/Files/Resources/Tax-and-Liquidity-Considerations-for-Buying-Discount-Bonds.ashx?
- MSRB *Interpretive Notice 2021-12, Request for Input on Draft Compliance Resources for Dealers and Municipal Advisors Concerning New Issue Pricing* (October 2021)
www.msrb.org/-/media/Files/Regulatory-Notices/RFCs/2021-12.ashx??n=1
- Implementation Guidance on MSRB Rule G-18, on Best Execution (November 2015)
www.msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-18?tab=2#_4A7607BC-365C-47BE-9E17-69F0E3A0F036

Enforcement Actions:

- Municipal Short Positions
 - *Merrill Lynch, Pierce, Fenner & Smith Incorporated*, Matter #2016050801701 (FINRA AWC October 2021)
www.finra.org/sites/default/files/fda_documents/2016050801701%20Merrill%20Lynch%20Pierce%20Fenner%20%26%20Smith%20Incorporated%20CRD%207691%20AWC%20sl%20%282021-1635985222715%29.pdf
 - *UBS Financial Services Inc.*, Matter #2016050874301 (FINRA AWC October 2019)
www.finra.org/sites/default/files/fda_documents/2016050874301%20UBS%20Financial%20Services%20Inc.%20CRD%208174%20AWC%20jm%20%282019-1572653998708%29.pdf
- Supervision of 529 Plan Share Class Recommendations
 - *UBS Financial Services Inc.*, Matter #2019062532801 (FINRA AWC December 2021)
www.finra.org/sites/default/files/fda_documents/2019062532801%20UBS%20Financial%20Services%20Inc.%20CRD%208174%20AWC%20jlq%20%282022-1642724432927%29.pdf
 - *MML Investors Services, LLC*, Matter #2019062530501 (FINRA AWC December 2021)
www.finra.org/sites/default/files/fda_documents/2019062530501%20MML%20Investors%20Services%20LLC%20CRD%2010409%20AWC%20jlq%20%282022-1642724434897%29.pdf

- Wells Fargo Advisors, LLC and Wells Fargo Advisors Financial Network, LLC, Matter #2016049188701 (FINRA AWC December 2021)

www.finra.org/sites/default/files/fda_documents/2016049188701%20Wells%20Fargo%20Advisors%2C%20LLC%20nka%20Wells%20Fargo%20Clearing%20Services%2C%20LLC%20CRD%2019616%20et%20al%20AWC%20sl%20%282022-1642638025722%29.pdf

- Royal Alliance Associates, Inc.; Sagepoint Financial, Inc.; and FSC Securities Corporation, Matter #2019062531501, (FINRA AWC October 2021)

www.finra.org/sites/default/files/fda_documents/2019062531501%20Royal%20Alliance%20Associates%2C%20Inc.%20CRD%2023131%20et%20al%20AWC%20sl%20%282022-1642638026606%29.pdf

- LPL Financial LLC, Matter #2019062530101 (FINRA AWC October 2021)

www.finra.org/sites/default/files/fda_documents/2019062530101%20LPL%20Financial%20LLC%20CRD%206413%20AWC%20sl%20%282022-1642638025474%29.pdf