



2022 Annual Conference

May 16 –18 | Washington, DC | Hybrid Event

Options

Tuesday, May 17, 2022

8:30 a.m. – 9:30 a.m.

Join FINRA staff and industry panelists as they discuss regulatory issues impacting options markets.

Moderator: Gene DeMaio
Executive Vice President, Options Regulation and T&E
FINRA Market Regulation

Panelists: Tina Gubb
Chief Counsel
FINRA Enforcement

Jordan Materna
Deputy Director, Options Insider Trading Investigations
FINRA Member Supervision

Danny Mileto
Vice President, Options Regulation
FINRA Market Regulation

Steven Price
Senior Vice President, National Cause Program
FINRA Member Supervision

Options Panelists Bios:

Moderator:



Gene DeMaio is Executive Vice President in FINRA's Market Regulation Department where he manages the Options Regulation section and the Trading & Execution examination firm grouping. Prior to joining FINRA, Mr. DeMaio was an Options Market Maker at the American Stock Exchange, and earlier worked as an attorney at the law firm of Kord Lagemann where he represented complainants in securities arbitration disputes. Mr. DeMaio is a graduate of Fordham Law and earned his LL.M at New York University.

Panelists:



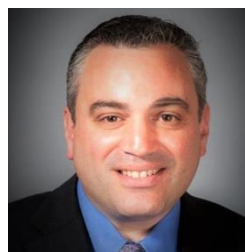
Tina Salehi Gubb is Chief Counsel in FINRA's Department of Enforcement. She is responsible for supervising several teams of attorneys who bring enforcement actions on behalf of FINRA and the Exchanges. Her team's disciplinary actions span a broad range of market integrity and investor protection issues, including the Market Access Rule, market manipulation and systemic best execution violations in equity and fixed income markets. In addition, Ms. Gubb has overseen numerous significant enforcement actions involving systemic supervisory deficiencies. Ms. Gubb is a graduate of James Madison University, and the University of Richmond School of

Law.



Jordan Materna is Deputy Director in FINRA's National Cause and Financial Crimes Detection Programs for the Options Regulatory Surveillance Authority (ORSA). He has been with FINRA since January 2015 and has been with ORSA since it was formed in 2006. Mr. Materna's area of responsibility includes the direction of Insider Trading surveillance and investigative work that FINRA performs pursuant to the ORSA NMS plan on behalf of all of the U.S. options exchanges. His role also encompasses the coordination of efforts related to equity Insider Trading investigations. Additionally, Mr. Materna works closely with the U.S. Securities and Exchange Commission and has assisted the Federal Bureau of Investigation, the

U.S. Attorney's office and foreign regulators, and has provided testimony in federal criminal trial proceedings. Prior to FINRA, Mr. Materna was employed by the CBOE since 1984. He started on the trading floor and worked as an Order Book Official (OBO) before joining the Department of Market Regulation in 1989. Over the next 10 years, Mr. Materna worked in the Regulatory Division as a Senior Investigator, Compliance Examiner and Trading Floor Liaison. In 1999, Jordan was hired to manage the Insider Trading Group and was promoted to Director in 2005 and then Department Head in 2012. Mr. Materna received his B.A. in Business from Western Illinois University.



Danny Mileto is Vice President, Option Regulation within FINRA Market Regulation is responsible for surveillance and investigations of option participants for compliance issues such as Regulation SHO, fraud, manipulation, and various other exchange specific rules. The VP works closely with various teams within FINRA, including Technology and SRM&G, to develop and improve surveillance reports to identify improper activity across exchanges and products. In addition, the VP works proactively with external groups including the SEC, ISG and the various option exchanges. Mr. Mileto has been with FINRA since 2000 and prior to that was an options market maker and specialist with Susquehanna Investment Group. Under

his management, the unit worked closely with Enforcement to produce seminal cases involving Regulation SHO and cross product manipulation involving option participants. Mr. Mileto holds a BBA with a concentration in Finance from Iona College. He is also a graduate of FINRA's Leadership at Wharton program.



Steven Price is Senior Vice President and oversees FINRA's National Cause Program, which conducts assessments and investigations of financial industry participants across the U.S. based on triggering events and regulatory intelligence. He also participates in multiple organizational committees and initiatives designed to establish FINRA as a leader in regulatory vision and to advance the protection of investors. Mr. Price re-joined FINRA in 2020 after spending the previous 12 years in multiple roles overseeing broker-dealer compliance and operations for ALPS Distributors and ALPS Portfolio Solutions Distributor. He formerly served in the enforcement units of FINRA and the Colorado Division of Securities, as well as serving on the Colorado Securities Board. Prior to his regulatory roles, Mr. Price was a market maker at the Chicago Board Options Exchange and a litigator with concentration across civil and criminal matters.

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Panelists

○ Moderator

- Gene DeMaio, Executive Vice President, Options Regulation and T&E, FINRA Market Regulation

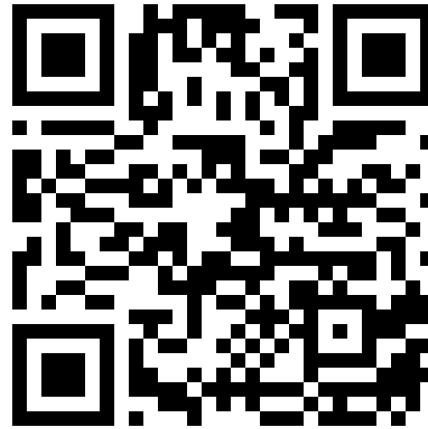
○ Panelists

- Tina Gubb, Chief Counsel, FINRA Enforcement
- Jordan Materna, Deputy Director, Options Insider Trading Investigations, FINRA Member Supervision
- Danny Mileto, Vice President, Options Regulation, FINRA Market Regulation
- Steven Price, Senior Vice President, National Cause Program, FINRA Member Supervision

To Access Polling

- **Please get your devices out:**

- Type the polling address, <https://finra.cnf.io/sessions/fg5p> into the browser or scan the QR code with your camera.



- Select your polling answers.

Polling Question 1

1. Which of the following regulatory issues impacting options markets are you most interested in hearing about today?
 - a. Consolidated Audit Trail (CAT) data and its benefits
 - b. Options as a Complex Product
 - c. Options Insider Trading
 - d. Options Intrusions

Polling address: <https://finra.cnf.io/sessions/fg5p>



Polling Question 2

2. When you raise a compliance issue with FINRA, how would you rate the communications?
- a. Excellent
 - b. Good
 - c. Needs improvement

Polling address: <https://finra.cnf.io/sessions/fg5p>



Polling Question 3

3. How familiar are you with CAT data and how FINRA is using CAT to develop better options surveillance reports?
- a. Very
 - b. Somewhat
 - c. Not at all

Polling address: <https://finra.cnf.io/sessions/fg5p>



Polling Question 4

4. How familiar are you with the various ways in which someone can affect an account intrusion in a customer account using options?
- a. Very
 - b. Somewhat
 - c. Not at all

Polling address: <https://finra.cnf.io/sessions/fg5p>





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Resources:

- FINRA *Information Notice – 2/3/21, Exercise Cut-Off Time for Expiring Options* (February 2021)
www.finra.org/rules-guidance/notices/information-notice-020321
- FINRA *Regulatory Notice 22-08, FINRA Reminds Members of Their Sales Practice Obligations for Complex Products and Options and Solicits Comment on Effective Practices and Rule Enhancements* (March 2022)
www.finra.org/rules-guidance/notices/22-08
- FINRA *Regulatory Notice 21-23, FINRA Reminds Member Firms of Requirements Concerning Best Execution and Payment for Order Flow* (June 2021)
www.finra.org/rules-guidance/notices/21-23
- FINRA *Regulatory Notice 20-32, FINRA Reminds Firms to Be Aware of Fraudulent Options Trading in Connection With Potential Account Takeovers and New Account Fraud* (September 2020)
www.finra.org/rules-guidance/notices/20-32
- FINRA *Regulatory Notice 20-13, FINRA Reminds Firms to Beware of Fraud During the Coronavirus (COVID-19) Pandemic* (May 2020)
www.finra.org/rules-guidance/notices/20-13
- FINRA *Regulatory Notice 15-46, Guidance on Best Execution Obligations in Equity, Options and Fixed Income Markets* (November 2015)
www.finra.org/rules-guidance/notices/15-46

Information Notice

March 2022 Options Disclosure Document

FINRA is advising member firms that the Options Clearing Corporation has issued the [March 2022](#) Options Disclosure Document (ODD). The ODD contains general disclosures on the characteristics and risks of trading standardized options. The March 2022 ODD: (i) contains supplemental material to accommodate trading of certain index options and index flex options with a multiplier of one; and (ii) makes certain administrative changes to correct references to chapter subtitles contained in the original ODD text and to update references to sections in the document.

Rule 9b-1 under the Securities Exchange Act requires broker-dealers to deliver the ODD and supplements to customers. FINRA has similar requirements in FINRA Rule 2360(b)(11)(A)(1), which, among other things, requires firms to deliver the current ODD to each customer at or before the time the customer is approved to trade options.

To comply with the requirements of FINRA Rule 2360(b)(11)(A)(1), firms may distribute the March 2022 ODD in various ways, including, but not limited to, one of the following:

1. conducting a mass mailing of the March 2022 ODD to all of its customers approved to trade options and who have already received the ODD; or
2. distributing the March 2022 ODD to a customer who has already received the ODD, not later than the time a customer receives a confirmation of a transaction in the category of options to which the amendment pertains.

FINRA reminds firms that they may electronically transmit documents, including the ODD, that they are required to furnish to customers under FINRA rules, provided the firm adheres to the standards contained in the October 1995 and May 1996 Securities and Exchange Commission releases, and as discussed in [Notice to Members 98-03](#). Firms may also transmit the ODD to customers who have consented to electronic delivery through the use of a hyperlink.

Questions regarding this *Notice* may be directed to Office of General Counsel at (202) 728-8071.

May 6, 2022

Suggested Routing

- ▶ Compliance
- ▶ Institutional
- ▶ Legal
- ▶ Options
- ▶ Senior Management
- ▶ Trading

Key Topics

- ▶ Index Options
- ▶ Options
- ▶ Options Disclosure Document (ODD)

Referenced Rules & Notices

- ▶ FINRA Rule 2360
- ▶ Notice to Members 98-03

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