

Week I: Foundation

Certified Regulatory and Compliance Professional™
(CRCP™) Program



2013 Program Schedule

AUGUST 19 – 23

DAY 1

MONDAY

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: Securities Act of 1933
12:15 p.m. – 1:30 p.m.	Lunch
1:30 p.m. – 3:00 p.m.	Session 3: Public Offering Registration Process
3:00 p.m. – 3:15 p.m.	Break
3:15 p.m. – 4:45 p.m.	Session 4: Enhancing Professional Conduct in the Financial Services Industry
4:45 p.m. – 5:00 p.m.	Break
5:00 p.m. – 6:00 p.m.	Groups Meet
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 Transactions
12:15 p.m. – 12:30 p.m.	Class Photo
12:15 p.m. – 1:30 p.m.	Lunch
1:30 p.m. – 3:00 p.m.	Session 7: Securities Exchange Act of 1934
3:00 p.m. – 3:15 p.m.	Break
3:15 p.m. – 4:45 p.m.	Session 8: Investment Company Act and Advisers Act
4:45 p.m. – 5:00 p.m.	Break
5:00 p.m. – 6:00 p.m.	Groups Meet
6:00 p.m. – 8:00 p.m.	Dinner

Note: This schedule is subject to change.

2013 Program Schedule

DAY 3

WEDNESDAY

8:00 a.m. – 9:00 a.m.	Breakfast
9:00 a.m. – 10:30 a.m.	Session 9: SROs and Other Regulators
10:30 a.m. – 10:45 a.m.	Break
10:45 a.m. – 12:15 p.m.	Session 10: Resale of Restricted Securities and Civil Liability under the Securities Act
12:30 p.m. – 1:30 p.m.	Lunch
1:30 p.m. – 3:00 p.m.	Session 11: Financial Products: Structured Products, Swaps and Derivatives
3:00 p.m. – 3:15 p.m.	Break
3:15 p.m. – 4:45 p.m.	Session 12: Federal Antifraud Rules
4:45 p.m. – 5:00 p.m.	Break
5:00 p.m. – 6:00 p.m.	Groups Meet
6:00 p.m. – 8:00 p.m.	Dinner

DAY 4

THURSDAY

8:00 a.m. – 9:00 a.m.	Breakfast
9:00 a.m. – 10:30 a.m.	Session 13: Broker-Dealer Registration
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: Margin and Financial Responsibility
4:45 p.m. – 5:00 p.m.	Break
5:00 p.m. – 6:00 p.m.	Groups Meet
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. – 10:30 a.m.	Session 17: Managing Conflicts of Interest
10:30 a.m. – 10:45 a.m.	Break
10:45 a.m. – 12:15 p.m.	Session 18: Update from Regulators
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.

2013 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 world renowned University of Pennsylvania and expert faculty drawn from other universities, the securities industry, FINRA, the SEC and other regulators, this foundational program leverages case studies and interactive discussions to foster a broad understanding of the financial services industry and regulations. Following are detailed descriptions, learning objectives and instructor information for each Week I session.

Broker-Dealer Registration Session 13

This session defines terms, such as broker, dealer, finders and foreign broker-dealers; covers registration requirements for regulated firms and associated persons; and FINRA's Member Application Process for registering as a broker-dealer.

Learning Objectives

After completing this session, you will be able to:

- ▶ Understand the requirements of who needs to register
- ▶ Explain the filing requirements to register as a broker-dealer
- ▶ Discuss the different exemptions from registration requirements

Instructor

James Fanto, Professor of Law, Brooklyn Law School

Broker-Dealer Regulation: Margin and Financial Responsibility Session: 16

This session covers financial integrity with an emphasis on maintaining sufficient net capital and reserves, margin requirements and the extension of credit by broker-dealers. The lectures explore requirements for the safeguarding of customer funds and securities through the exploration of MF Global.

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
- ▶ Describe the margin rules and the extension of credit for securities transactions

Instructors

James Fanto, Professor of Law, Brooklyn Law School

Grace Vogel, Executive Vice President, Risk Oversight and Operational Regulation, FINRA

2013 Program Session Descriptions

Broker-Dealer Regulation: Suitability Session 14

This session examines the suitability standards of investment recommendations to public customers, with a thorough review of:

- ▶ SEC and FINRA regulatory requirements
- ▶ Suitable and unsuitable securities and strategies, including recommendation to hold
- ▶ Supervision and “red flags”
- ▶ Preferred industry practices
- ▶ Practical challenges for salespeople determining suitability and for supervisors monitoring suitability

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, Professor of Law, Brooklyn Law School

James Wrona, Vice President and Associate General Counsel, FINRA

Broker-Dealer Regulation: Supervision Session 15

In this session, participants review the legal framework that requires firms to supervise their employees’ activities. Participants also review supervisory tasks and systems, with an emphasis on practical implementation, and tackle issues surrounding:

- ▶ Broker-dealer control structure
- ▶ The role of compliance, including: surveillance, policies and procedures, and the regulatory audit
- ▶ Role of “the supervisor” in relation to other organizational stakeholders
- ▶ Supervisory obligations, including: supervision rules, written supervisory procedures, certifications and instances of failure to supervise

Learning Objectives

After completing this session, you will be able to:

- ▶ 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
- ▶ Recognize applicable FINRA conduct rules
- ▶ Identify the characteristics and activities of an effective supervisor

Instructor

James Fanto, Professor of Law, Brooklyn Law School

2013 Program Session Descriptions

Enhancing Professional Conduct in the Financial Services Industry

Sessions 4, 5

Professor Orts reviews the principles of ethics by sharing results of psychological studies of situational ethics. He moves from theory to practice as he explores what is necessary to build ethical organizations and enhance or strengthen corporate responsibility. During the second session participants practice applying ethical theories through a group exercise.

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

Professor Eric Orts, Legal Studies and Business Ethics and Management, University of Pennsylvania

Exempt Offerings and Transactions

Session 6

This session covers 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 session also covers the interstate exemption and disclosure requirements for private offerings.

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
- ▶ Understand and discuss the common requirements for Regulation D offerings

Instructor

Jill E. Fisch, Perry Golkin Professor of Law and Co-Director, Institute for Law and Economics, University of Pennsylvania

2013 Program Session Descriptions

Federal Antifraud Rules

Session 12

This session covers Securities Exchange Act (SEA) Rule 10b-5, promulgated pursuant to Section 10b of the Exchange Act, and the elements of fraud and common law definition. Professor Orts highlights noteworthy and current litigation the rule has been subject to, and aspects of those matters including insider trading, market manipulation and fraud in connection with dealings with customers.

Learning Objectives

After completing this session, you will be able to:

- ▶ Describe the elements and requirements of the provisions of the federal antifraud rules
- ▶ Distinguish common law fraud from SEA Rule 10b-5 actions
- ▶ Examine case law impact on the antifraud provisions of the federal securities laws

Instructor

Professor Eric Orts, Legal Studies and Business Ethics and Management, University of Pennsylvania

Financial and Securities Regulation: An Overview

Session 1

This session covers historical developments and legislative measures that have been enacted to protect investors against corporate malfeasance and securities fraud. The events highlighted span from the Stock Market Crash of 1929 to the 2010 signing of the Dodd-Frank Act and creation of other financial protections.

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 key rules that serve as the foundation for securities regulation

Instructor

Professor Eric Orts, Legal Studies and Business Ethics and Management, University of Pennsylvania

2013 Program Session Descriptions

Financial Products: Structured Products, Swaps and Derivatives

Session 11

Through lecture and examples, Professor Ramaswamy introduces participants to structured products, swaps, derivatives and related regulatory issues. This session examines how these products are used in complex structured financial transactions and in the creation of synthetic assets.

Learning Objectives

After completing this session, you will be able to:

- ▶ Compare the different types and characteristics of structured and derivative products
- ▶ Recognize the differences between forward, futures and options contracts and their impact on underlying primary assets
- ▶ Explain hedging margins, net margins and leverage
- ▶ Understand the concepts of insurance in the form of put options and credit default swaps
- ▶ Elaborate on regulatory requirements concerning disclosure, documentation and margining
- ▶ Analyze the transformation of risk within the derivatives market

Instructor

Krishna Ramaswamy, Professor of Finance, University of Pennsylvania

Investment Company Act and Advisers Act

Session 8

This session is an in-depth exploration of both the Investment Company Act of 1940, which governs both open-end and closed-end mutual funds (investment companies), and the Investment Advisers Act of 1940, which governs registered investment advisers providing investment advice. The session covers the regulation and oversight of the fund industry including changes in jurisdiction of the states and the SEC.

Learning Objectives

After completing this session, you will be able to:

- ▶ Summarize investment companies registrations and exemptions
- ▶ Analyze transactions by unregistered investment companies
- ▶ Understand what constitutes a prohibited transaction by registered investment advisers
- ▶ Describe fiduciary principles and applicability under the Advisers Act

Instructor

Andrew Siegel, Partner, General Counsel & Chief Compliance Officer, Perella Weinberg Partners

2013 Program Session Descriptions

Managing Conflicts of Interest Session 17

Professor Orts moderates a discussion with FINRA senior staff 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, with respect to:

- ▶ Compensation arrangements and incentives associated with firms' hiring practices
- ▶ Conflicts related to the sale and marketing of complex financial instruments
- ▶ Broker-dealer interaction with non-member firms
- ▶ Underwriting research in investment banking
- ▶ Conflicts that arise when a firm engages in a private placement to sell its own securities or those of an affiliate

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

Professor Eric Orts, Legal Studies and Business Ethics and Management, University of Pennsylvania

Instructor

Daniel Sibears, Executive Vice President, Member Regulation, FINRA

Public Offering Registration Process Session 3

This session covers capital raising transactions by companies and investment banks with a primary focus on initial public offerings, investment grade debt securities offerings and distribution of offerings. The session also discusses classification of issuers, key provisions of underwriting agreements, due diligence process and disclosure obligations related to the registration statement and prospectus.

Learning Objectives

After completing this session, you will be able to:

- ▶ Summarize and apply select securities statutes and rules to the distribution and trading of securities
- ▶ Understand the public offering registration process
- ▶ Analyze disclosure obligations and review the contents of the prospectus and registration statements

Instructor

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

2013 Program Session Descriptions

Resale of Restricted Securities and Civil Liability under the Securities Act

Session 10

In this session, Professor Fisch discusses the sale of restricted and controlled securities. This session focuses on restrictions on the minimum length of time securities must be held, the maximum volume permitted to be sold and the scope of civil liability under the Securities Act.

Learning Objectives

After completing this session, you will be able to:

- ▶ Analyze restricted and controlled securities and determine when unregistered securities are eligible for resale
- ▶ Understand the requirements for resale of restricted and controlled securities
- ▶ Explain the scope of liability imposed on a seller whose resale violates registration requirements

Instructor

Jill E. Fisch, Perry Golkin Professor of Law and Co-Director, Institute for Law and Economics, University of Pennsylvania

Securities Act of 1933

Session 2

This session provides an in-depth review and analysis of the Securities Act, its registration and distribution processes and the basic exemptions from registration. The session also covers what constitutes a security and the types of securities exempt from registration.

Learning Objectives

After completing this session, you will be able to:

- ▶ Summarize and apply select securities statutes and rules to the distribution and trading of securities
- ▶ Explain the registration process and requirements for delayed and unallocated shelf offerings
- ▶ Analyze integrated disclosure and Securities Act registration

Instructor:

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

2013 Program Session Descriptions

Securities Exchange Act of 1934

Session 7

This session provides an overview of the Securities Exchange Act of 1934. Professor Fisch discusses the structure, authority, procedures and practices of the SEC, disclosure requirements for public companies, and exchange regulation. The session introduces proxy regulation and regulation of tender offers under the Williams Act.

Learning Objectives

After completing this session, you will be able to:

- ▶ Understand the structure, powers, jurisdiction and procedures of the SEC
- ▶ Analyze an issuer's continuous disclosure obligations via annual and quarterly reports
- ▶ Review requirements for tender offers and proxy regulation

Instructor

Jill E. Fisch, Perry Golkin Professor of Law and Co-Director, Institute for Law and Economics, University of Pennsylvania

SROs and Other Regulators

Session 9

This session provides an overview of the structure, role, authority, policies and jurisdiction of the major financial regulators, focusing on self-regulatory organizations (SROs) and other regulators of the financial services industry. This session also provides participants with a broad-based understanding of the microstructures involved in the financial services industry along with the regulation of banking, securities, derivatives and investment fund activities.

Learning Objectives

After completing this session, you will be able to:

- ▶ Explain the regulatory structure of SROs and other regulatory bodies in the financial services industry
- ▶ Outline the authority, responsibility and policies of these industry players
- ▶ Identify and discuss areas of concurrent and intersecting jurisdiction between regulatory bodies

Instructor

John Komoroske, Vice President, Member Relations, FINRA

2013 Program Session Descriptions

Update from Regulators

Session 18

Professor Orts moderates a discussion with SEC and FINRA senior staff on current regulatory priorities and updates. Because the session is timely, the areas of focus are determined just prior to the session. Typical topics include recent examination priorities and findings and coordination among regulatory entities.

Learning Objectives

After completing this session, you will be able to:

- ▶ Identify current SEC and FINRA examination priorities and common findings
- ▶ Describe regulators' expectations for inspections
- ▶ Determine the current status of SEC and FINRA's rulemaking activities

Moderator

Professor Eric Orts, Legal Studies and Business Ethics and Management, University of Pennsylvania

Instructor

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

Daniel Sibears, Executive Vice President, Member Regulation, FINRA

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