SECURITIES OPERATIONS

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Take Action Now

SEC Invites Market Participants to Submit Proposals on Market Structure Innovation for Thinly Traded Securities

On October 17, 2019, the U.S. Securities and Exchange Commission ("SEC" or "Commission") issued a statement that invites exchanges and other market participants to submit innovative proposals designed to improve the secondary market structure for exchange listed equity securities that trade in lower volumes, commonly referred to as "thinly traded securities." Broadly, the Commission is interested in proposals that would improve the secondary market structure for thinly traded securities. The Commission's statement lays out various considerations that a proposal could address, including whether and under what circumstances it would be appropriate to suspend unlisted trading privileges on multiple exchanges and whether exemptive relief from Regulation NMS and other rules under the Securities Exchange Act of 1934 would improve trading and liquidity.

Firms should take action now to:

- Review the SEC's statement and staff background paper.
- Engage Legal, Compliance, and senior business personnel to assess the benefits of submitting a proposal to the SEC.
- Consider contacting the SEC's Division of Trading and Markets staff with comments or questions.

SEC Announcement of Statement on Market Structure Innovation:
https://www.sec.gov/news/press-release/2019-217

SEC Statement:
https://www.sec.gov/rules/policy/2019/34-87327.pdf

SEC Staff Background Paper:
https://www.sec.gov/rules/policy/2019/thinly-traded-securities-tm-background-paper.pdf

For more information please contact info@mediantonline.com

SEC PROPOSES TO REQUIRE PROPOSED NMS PLAN FEE AMENDMENTS TO FOLLOW PUBLIC NOTICE, COMMENT, AND APPROVAL PROCEDURE

On October 1, 2019, the SEC published for comment a proposal to amend Regulation NMS under the Securities Exchange Act of 1934 to rescind a provision that allows a proposed amendment to a national market system plan to become effective upon filing if the proposed amendment establishes or changes a fee or other charge. As a result of rescinding the provision, such a proposed amendment instead would be subject to the procedures set forth in SEC Rule 608(b)(1) and (2) that requires the SEC to publish the proposed amendment, provide an opportunity for public comment, and preclude a proposed amendment from becoming effective unless approved by the SEC.

Comments Due: December 10, 2019
Proposed Release: https://www.sec.gov/rules/proposed/2019/34-87193.pdf

SEC PROPOSES AMENDMENTS TO EXEMPTIVE APPLICATIONS PROCEDURES

On October 18, 2019, the SEC published for comment a proposal to establish an expedited review procedure for applications under the Investment Company Act of 1940 that are substantially identical to recent precedent, as well as a new informal internal procedure for applications that would not qualify for the new expedited process. The proposed actions are intended to make the application process more efficient as well as to provide additional certainty and transparency to the process. The SEC also announced its intention that the staff of the Division of Investment Management begin publicly disseminating comments on applications and responses to those comments.

Comments Due: 30 days after publication in the Federal Register
Proposed Rule: https://www.sec.gov/rules/proposed/2019/ic-33658.pdf

SEC AND OTHER U.S. FINANCIAL REGULATORY AGENCIES SIMPLIFY VOLKER RULE COMPLIANCE REQUIREMENTS

On October 8, 2019, the SEC and five other federal financial regulatory agencies announced that they had finalized revisions to simplify compliance requirements relating to the "Volcker rule." By statute, the Volcker rule generally prohibits banking entities from engaging in proprietary trading or investing in or sponsoring hedge funds or private equity funds. Under the revised rule, firms that do not have significant trading activities will have simplified and streamlined compliance requirements, while firms with significant trading activity will have more stringent compliance requirements. With the changes, the agencies expect that the universe of trades that are considered prohibited proprietary trading will remain generally the same as under the agencies' 2013 rule. The changes were jointly developed by the Federal Reserve Board, the Commodity Futures Trading Commission ("CFTC"), the Federal Deposit Insurance Corporation ("FDIC"), the Office of the Comptroller of the Currency ("OCC"), and the SEC. The rules will be effective on January 1, 2020, with a compliance date of January 1, 2021.

Press Release: https://www.sec.gov/news/press-release/2019-207

SEC AND OTHER U.S. FINANCIAL REGULATORY AGENCIES JOIN THE GLOBAL FINANCIAL INNOVATION NETWORK

On October 24, 2019, the SEC announced that it had joined the Global Financial Innovation Network ("GFIN") along with the CFTC, the FDIC, and the OCC. The SEC stated in its announcement that participation in international organizations such as the GFIN helps U.S. financial regulators represent the interests and needs of the nation's financial services stakeholders while also promoting early identification of emerging regulatory opportunities, challenges, and risks on an international scale. The agencies join 46 other financial authorities, central banks, and international organizations from around the globe that are members of the GFIN to foster greater global cooperation among financial authorities.

Press Release: https://www.sec.gov/news/press-release/2019-221

FINRA AND OTHER CAT NMS PLAN PARTICIPANTS SEEK PII ALTERNATIVE

On October 16, 2019, the Financial Industry Regulatory Authority ("FINRA"), along with the other 22 participants in the National Market System Plan Governing the Consolidated Audit Trail ("CAT NMS Plan"), delivered a letter to the SEC seeking exemptive relief from certain aspects of the CAT NMS Plan that require the submission of certain sensitive personally identifiable information ("PII") to the CAT. The participants are seeking to use customer identifiers unique to the CAT in lieu of social security numbers, dates of birth and account numbers for natural persons in order to address the data security concerns with CAT that have been raised by regulators, legislators and other industry stakeholders.

Exemptive Relief Request Letter: https://www.catnmsplan.com/wp-content/uploads/2019/10/CCID-and-PII-Exemptive-Request-Oct-16-2019.pdf

FINRA PUBLISHES 2019 REPORT ON EXAMINATION FINDINGS AND OBSERVATIONS

On October 16, 2019, FINRA published its 2019 Report on Examination Findings and Observations, which reflects key findings and observations identified in recent examinations, and contains effective practices that could help firms improve their compliance and risk management programs. The report summarizes findings and observations across a range of topics, including supervision, cybersecurity, best execution, and segregation of client assets. The report includes two material changes from reports from past years. First, it more clearly delineates between an examination finding, which describes a violation of a rule or regulation, and an examination observation, which refers to a suggestion around how firms can improve controls to address perceived weaknesses that elevate risk, but does not typically rise to the level of a rule violation or cannot be tied to a specific rule. Second, it includes a new "Additional Resources" sub-section for most topics, with links to relevant additional information such as FINRA Regulatory Notices, topic pages and FAQs.

FINRA 2019 Report on Examination Findings and Observations:
https://www.finra.org/sites/default/files/2019-10/2019-exam-findings-and-observations.pdf

FINRA PROVIDES NEW REG BI AND FORM CRS RESOURCES

On October 8, 2019, FINRA announced that it had made available new resources to assist firms in their efforts to comply with the SEC's Regulation Best Interest ("Reg BI") and Form CRS by the rules' compliance date deadline of June 30, 2020. Reg BI was adopted by the SEC on June 5, 2019 and establishes a "best interest" standard of conduct for broker-dealers and associated persons when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities, including recommendations of types of accounts. The SEC also adopted a new rule to require broker-dealers and investment advisers to provide a brief relationship summary to retail investors on Form CRS. Among other resources, FINRA has created a Reg BI and Form CRS checklist, all of which are available on FINRA's Reg BI webpage. FINRA will also host the FINRA Reg BI Conference on December 10, 2019 in Washington, DC.

FINRA Reg BI Webpage: https://www.finra.org/rules-guidance/key-topics/regulation-best-interest
Press Release: https://www.finra.org/media-center/newsreleases/2019/finra-provides-new-reg-bi-and-form-crs-resources

FINRA PUBLISHES 2019 INDUSTRY SNAPSHOT

On October 2, 2019, FINRA published the FINRA 2019 Industry Snapshot, its second annual statistical report on the brokerage firms, registered representatives and market activity that FINRA regulates. The latest edition includes data ranging from the size and geographic distribution of the firms FINRA regulates to the number of individuals in the industry, and from trading activity to how firms market their products and services.

FINRA 2019 Industry Snapshot:
https://www.finra.org/sites/default/files/2019%20Industry%20Snapshot.pdf

FINRA TO MODIFY FEES RELATED TO THE FINRA/NYSE TRADE REPORTING FACILITY

On October 3, 2019, the SEC published for comment a FINRA proposal to amend FINRA Rule 7620B to modify the trade reporting fees applicable to participants that use the FINRA/NYSE Trade Reporting Facility ("FINRA/NYSE TRF"). The FINRA/NYSE TRF is one of four FINRA trade reporting facilities that firms can choose to use to report over-the-counter ("OTC") trades in NMS stocks. Currently, the monthly fee for use of the FINRA/NYSE TRF is calculated using a tiered fee structure based on the reporting member's OTC trading activity. The proposal would change the tier basis to use just the trading activity reported to the FINRA/NYSE TRF, rather than using all trading activity published on FINRA's public website, as it does now, and would increase the number of fee tiers to address differences in participant usage.

Notice Release: https://www.sec.gov/rules/sro/finra/2019/34-87205.pdf

FINRA UPDATES PROPOSAL TO ESTABLISH A CORPORATE BOND NEW ISSUE REFERENCE DATA SERVICE

On October 4, 2019, the SEC published for comment Amendment No. 2 to a FINRA proposal to establish a new issue reference data service for corporate bonds. Specifically, FINRA has proposed to amend FINRA Rule 6760 to require that underwriters subject to the rule report to FINRA over 30 data elements for new issues in corporate debt securities. FINRA would disseminate the corporate bond new issue reference data collected under FINRA Rule 6760 upon receipt. FINRA will submit a separate filing to establish fees related to the new issue reference data service at a future date and will implement the service after those fees are adopted.

Notice Release: https://www.sec.gov/rules/sro/finra/2019/34-87232.pdf

FINRA, NASDAQ, AND NYSE TO EXTEND PILOT PROGRAMS FOR CLEARLY ERRONEOUS TRANSACTIONS

On October 18, 2019, the SEC published for comment parallel proposals by FINRA, the Nasdaq Stock Market LLC ("Nasdaq"), and the New York Stock Exchange LLC ("NYSE") to extend until April 20, 2020 the current pilot programs related to FINRA Rule 11892, Nasdaq Rule 11890 and NYSE Rule 7.10 regarding clearly erroneous transactions in exchange-listed securities ("Clearly Erroneous Transaction Pilots"). Extending the Clearly Erroneous Transaction Pilots would provide FINRA, Nasdaq and the NYSE additional time to consider permanent proposals for clearly erroneous transaction reviews.

Comments Due: November 14, 2019
Notice Release (FINRA): https://www.sec.gov/rules/sro/finra/2019/34-87344.pdf
Notice Release (NASDAQ): https://www.sec.gov/rules/sro/nasdaq/2019/34-87358.pdf
Notice Release (NYSE): https://www.sec.gov/rules/sro/nyse/2019/34-87353.pdf

NASDAQ TO FURTHER DELAY IMPLEMENTATION OF THE EARLY ORDER IMBALANCE INDICATOR FUNCTIONALITY

On October 1, 2019, the SEC published for comment a Nasdaq proposal to delay implementation of the Early Order Imbalance Indicator ("EOII") functionality until the fourth quarter of 2019. Nasdaq previously filed a proposed rule change to establish the EOII, which contains a subset of the information comprising the Net Order Imbalance Indicator ("NOII") that Nasdaq will disseminate ten minutes prior to the market close and five minutes prior to the cutoff time for entering certain order types into the Nasdaq Closing Cross. Nasdaq has proposed this delay to allow the EOII to become effective at the same time as another pending change and to enhance Nasdaq's closing process. The delay will also afford additional time that market participants have requested to prepare for the onset of EOII. Nasdaq will issue an Equity Trader Alert notification prior to implementing the functionality.

Notice Release: https://www.sec.gov/rules/sro/nasdaq/2019/34-87179.pdf

NASDAQ TO ADOPT FEES FOR THE MIDP ROUTING OPTION

On October 1, 2019, the SEC published for comment a Nasdaq proposal to adopt fees for the MIDP Routing Option, an order routing option under Nasdaq Rule 4758(a)(1)(A) that will allow members to seek midpoint liquidity on Nasdaq and other markets on the Nasdaq's system routing table. Nasdaq has proposed to adopt a fee of $0.0030 per share executed in securities of all three tapes charged to a firm entering an MIDP order that routes and executes at venues with a protected quotation under Regulation NMS other than Nasdaq. Nasdaq has also proposed to adopt a $0.0012 per share executed fee in securities of all three tapes charged to a firm entering an MIDP order that routes and executes at venues ineligible for a protected quotation under Regulation NMS, and would not charge members for entering an MIDP order that routes and executes at Nasdaq.

Notice Release: https://www.sec.gov/rules/sro/nasdaq/2019/34-87186.pdf

NASDAQ TO AMEND CUTOFF TIMES AND ADOPT A SECOND REFERENCE PRICE FOR CERTAIN ON-CLOSE ORDERS

On October 2, 2019, the SEC granted accelerated approval and published for comment Amendment No. 1 to a Nasdaq proposal to amend certain cutoff times for on-close orders entered for participation in the Nasdaq Closing Cross and adopt a second reference price for limit-on-close ("LOC") orders. Among several other proposed changes, the proposal, as amended, would provide that LOC orders could be cancelled or modified between 4:00 a.m. ET and immediately prior to 3:50 p.m. ET. Between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET, an LOC order could be entered but can only be cancelled or modified if the participant requests that Nasdaq correct a legitimate error in the order. Between 3:55 p.m. ET and immediately prior to 3:58 p.m. ET, an LOC order could only be cancelled or modified if the participant requests that Nasdaq correct a legitimate error in the order. Nasdaq has proposed to permit a late LOC order to be entered if there is either a first reference price or a second reference price. Nasdaq has also proposed to add a new definition of second reference price in Nasdaq Rule 4754(a)(11).

Notice Release: https://www.sec.gov/rules/sro/nasdaq/2019/34-87198.pdf

NASDAQ OPTIONS MARKET TO AMEND ITS PRICE LIST

On October 10, 2019, the SEC published for comment a proposal by the Nasdaq Options Market LLC ("NOM") to amend the Tier 5 NOM market maker rebate for adding liquidity in penny pilot options. NOM currently offers six tiers of market maker rebates for adding liquidity in penny pilot options. NOM's proposal would raise the Tier 5 rebate to $0.44 from $0.40 when a market participant meets the options contract volume requirements for the rebate. The purpose of the proposal is to incentivize market participants to add liquidity to the NOM.

Notice Release: https://www.sec.gov/rules/sro/nasdaq/2019/34-87276.pdf

NYSE TO AMEND PRICE LIST TO ADD AN ADDITIONAL STEP UP CREDIT TIER

On October 17, 2019, the SEC published for comment a NYSE proposal to amend its price list to adopt a new pricing tier in Tape A securities. The NYSE proposes to adopt a "Step Up Tier 2 Adding Credit" that would offer a higher credit to firms that qualify for the tier. The proposed tier would also offer an additional credit for member organizations providing displayed liquidity in Tapes B and C securities. As proposed, a firm that sends orders, except mid-point liquidity orders and non-displayed limit orders, that add liquidity in Tape A securities, would receive a credit of $0.0029 if they meet certain requirements. In the filing, the NYSE indicated that the proposed changes respond to the current competitive environment where order flow providers have a choice of where to direct liquidity-providing orders by offering further incentives for firms to send additional displayed liquidity to the NYSE.

Comments Due: November 13, 2019
Notice Release: https://www.sec.gov/rules/sro/nyse/2019/34-87330.pdf

NYSE AMERICAN PROPOSED RULE REGARDING TRADE COLLAR PROTECTIONS APPROVED BY SEC

On October 16, 2019, the SEC issued an order approving a proposal by the NYSE American LLC ("NYSE American") to amend NYSE American Rule 967NY to clarify existing functionality and to adopt enhancements to the operation of the trading collars. The NYSE American applies trade collar protection to incoming orders. The NYSE American has stated that trading collars mitigate the risks associated with orders sweeping through multiple price points, including during extreme market volatility, and resulting in executions at prices that are potentially erroneous. According to the NYSE American, by applying trading collars to incoming orders, the NYSE American provides an opportunity to attract additional liquidity at tighter spreads and it "collars" affected orders at successive price points until the bid and offer are equal to the bid-ask differential guideline for that option. Similarly, by applying trading collars to partially executed orders, the NYSE American has stated that it prevents the balance of such orders from executing away from the prevailing market after exhausting interest at or near the top of book on arrival. The NYSE American also proposed certain other changes to related rules.

Approval Order: https://www.sec.gov/rules/sro/nyseamer/2019/34-87315.pdf

OCC TO MODIFY CLEARING FUND METHODOLOGY POLICY, AND CLEARING FUND AND STRESS TESTING METHODOLOGY

On October 23, 2019, the SEC published for comment a proposal by the Options Clearing Corporation ("OCC") to enhance its clearing fund and stress testing framework by: (1) adopting a new set of stress scenarios to be used in the monthly sizing of OCC's clearing fund that are designed to capture the risks of extreme moves in individual or small subsets of securities; (2) improving its model for determining price shocks for futures on the CBOE Volatility Index; (3) modifying the methodology for allocating clearing fund contribution requirements to standardize the margin risk component of the allocation formula for all clearing firms; (4) adopting an additional threshold for notifying senior management of certain intra-day margin calls based on sufficiency stress test results; (5) correcting certain rules concerning OCC's cooling-off period and replenishment and assessment powers; and (6) making certain other clarifying and conforming changes to OCC's rules, policy, and methodology description. In a related but separate filing also made on October 23, 2019, the SEC published for comment an OCC proposal to enhance its management of exposure to specific wrong-way risk in connection with its role as a central counterparty.

Comments Due: 21 days after publication in the Federal Register
Notice Release: https://www.sec.gov/rules/sro/occ/2019/34-87386.pdf
Notice Release: https://www.sec.gov/rules/sro/occ/2019/34-87387.pdf

DTC TO REQUIRE CONFIRMATION OF CYBERSECURITY PROGRAM

On October 24, 2019, the SEC published for comment a proposal by the Depository Trust Company ("DTC") to modify its rules to: (1) define "Cybersecurity Confirmation" as a signed, written representation that addresses a submitting firm's cybersecurity program; and (2) enhance the DTC application requirements and ongoing requirements for participants and pledgees to: (a) require that a Cybersecurity Confirmation be provided as part of the application materials for all participants and pledgees; and (b) require that participants and pledgees deliver to DTC a complete, updated Cybersecurity Confirmation at least every two years. The DTC stated in the filing that the proposed changes would help it to assess the cybersecurity risks that may be introduced to it by participants and pledgees that connect to DTC either through the Securely Managed and Reliable Technology ("SMART") network or through other connections.

Comments Due: 21 days after publication in the Federal Register
Notice Release: https://www.sec.gov/rules/sro/dtc/2019/34-87393.pdf

MSRB UPDATES PROPOSAL TO AMEND INTERPRETIVE NOTICE FOR MUNICIPAL SECURITIES UNDERWRITERS

As previously reported, on August 5, 2019, the SEC published for comment a proposal by the Municipal Securities Rulemaking Board ("MSRB") to amend and restate its August 2, 2012 interpretive notice (the "2012 Notice") concerning the application of MSRB Rule G-17 to underwriters of municipal securities. On October 7, 2019, the MSRB responded to comments received and filed Amendment No. 1 to the proposal. On October 8, 2019, the SEC published Amendment No. 1 for comment. In response to concerns raised in the comments, the MSRB has proposed in Amendment No. 1 to modify the original proposed rule change to state that the underwriter making a recommendation to an issuer regarding a financing structure or product, including, when applicable, a complex municipal securities financing recommendation, has the fair dealing obligation to deliver the applicable transaction-specific disclosures.

Notice Release: https://www.sec.gov/rules/sro/msrb/2019/34-87255.pdf

Notable Enforcement Action

This month's enforcement actions illustrate that firms continue to face significant penalties for supervisory and operational system failures, and serve as a reminder that firms should act swiftly to review and update their policies and procedures proactively.

A firm was censured, fined $15 million, and required within 90 days to certify that its procedures are reasonably designed to achieve compliance with FINRA Rule 3310, for failures in its anti-money laundering ("AML") and supervisory programs involving penny stock deposits and resales, and wire transfers, that spanned four years. From February 2013 to March 2017, despite its penny stock activity, the firm did not develop and implement a written AML program that could reasonably be expected to detect and cause the reporting of potentially suspicious transactions. Until 2016, the firm's AML program did not include any surveillance targeting potential suspicious transactions involving penny stocks, even though the firm accepted the deposit of nearly 31 billion shares of penny stocks, worth hundreds of millions of dollars, from its clients. The firm also did not implement any supervisory systems or written procedures to determine whether resales of securities, including the penny stocks deposited by its customers, complied with the registration requirements of Section 5 of the Securities Act of 1933. During the same period, the firm processed more than 70,000 wire transfers with a total value of over $230 billion, including more than $2.5 billion sent in foreign currencies. The firm's AML program did not include any review of wire transfers conducted in foreign currencies, and did not review wires conducted in U.S. dollars to determine whether they involved high-risk entities or jurisdictions. The firm's AML program also was understaffed, with only one investigator tasked with reviewing alerts relating to wires originating from the firm's brokerage accounts over nearly a two-year period.
(**FINRA Case #2016051105201**)
https://www.finra.org/sites/default/files/2019-10/bnp-awc-102419.pdf

A firm was censured and fined $2 million for repeated failures in timely addressing municipal short positions and in inaccurately representing the tax status of thousands of interest payments to customers. FINRA also required the firm to pay restitution to customers who may have incurred any increased state tax liabilities, to pay the IRS to relieve customers of any additional federal income tax owed, and to certify within 90 days that the firm has taken appropriate corrective measures. FINRA previously sanctioned the firm for its failures in this area in 2015. From August 2015, when FINRA previously sanctioned the firm for similar violations, through the end of 2017, the firm continued to fail to timely identify and properly address certain short positions in municipal securities. As a result, the firm inaccurately represented on customer account statements and Forms 1099 that interest payments for 2,853 positions in municipal securities were tax-exempt when, in fact, they were taxable, and inaccurately represented on approximately 950 additional customer account statements and Forms 1099 that interest payments were taxable, when they were tax-exempt. FINRA found that these failures were the result of the firm's continued failure to establish reasonably designed supervisory systems and written supervisory procedures ("WSPs") to timely identify short positions in municipal securities and its failure to provide reasonable guidance to its registered representatives instructing them how to address the short positions. (**FINRA Case #2016050874301**)
https://www.finra.org/sites/default/files/2019-10/ubs-awc-100219.pdf

A firm was fined $1 million and agreed to an injunction and an independent compliance monitor for a three-year period for facilitating manipulative trading schemes by its foreign customer. The firm's foreign customer illegally profited from layering, which involved placing and canceling orders to induce others into buying or selling stocks at artificial prices, and cross-market manipulation, which involved buying or selling stocks to artificially impact options prices. The firm and its principal made the schemes possible by giving the foreign customer access to the U.S. markets, relaxing the firm's layering controls after the foreign customer complained, allowing the foreign customer to conduct the trading activity, and improving the firm's technology to assist the foreign customer's trading. In addition to the sanctions against the firm, the firm's principal agreed to a $420,000 fine for his role in the charged activity. In settling the charges, the firm and its principal admitted that the trading activity of its foreign customer violated the federal securities laws. A federal judge entered the sanctions as final judgements against the firm and its principals, which stemmed from a March 2017 SEC complaint. (**Civil Action No. 17-CV-1789**)
https://www.sec.gov/litigation/complaints/2017/comp-pr2017-63.pdf

A firm was censured, fined $200,000 and required to review and revise its systems and procedures regarding the supervision of its Trade Reporting and Compliance Engine ("TRACE") and MSRB trade reporting for failing to timely report and/or correctly report TRACE-eligible securities transactions. The firm also failed to timely report municipal securities transactions to the MSRB Real-Time Transaction Reporting System ("RTRS"). The firm failed to establish, maintain and enforce a reasonably designed supervisory system, including enforcing its WSPs, to ensure accurate reporting of TRACE-eligible and municipal securities transactions that complied with trade reporting rules. The findings also included that the firm failed to accurately record transaction times for TRACE transactions on its order memoranda. The firm provided inaccurate Quality of Market Report Card ("QMRC") reports that purported to evidence the firm's supervisory review of its TRACE transaction reporting. The firm produced monthly QMRC reports to FINRA that a senior firm employee initialed and dated to reflect the time of his purported trading review. In fact, the firm employee backdated the reports because the purported trade review did not occur in a timely fashion, as required by the firm's WSPs. The firm also altered information on monthly MSRB reports it produced to FINRA, either backdating the dates that the reports were purportedly reviewed, or whiting out the dates reflecting when the reports were generated in order to hide the fact that the trade reviews were not done on a timely basis, as required by the firm's WSPs. (**FINRA Case #2017054867601**)
https://www.finra.org/sites/default/files/fda_documents/2017054867601%20Dinosaur%20Financial%20Group%20LLC%20CRD%20104446%20AWC%20jm%20%282019-1567383589404%29.pdf

A firm was censured, fined $625,000, of which $38,500 is payable to FINRA and the remaining will be paid to other various self-regulatory organizations, and required to provide a written report to FINRA concerning reasonable controls, procedures and other measures taken by it to remediate the violative conduct regarding its supervision of direct market access customer activity with respect to potential manipulative trading by its customers. FINRA found the firm failed to establish and maintain a supervisory system and WSPs reasonably designed to achieve compliance with securities laws and rules in connection with its direct market access customers' trading activity through the firm. The firm's supervisory system and WSPs did not provide guidance as to how the firm should review alerts of potentially manipulative trading and how it should supervise the disposition of any such alerts. The firm tasked a single analyst with conducting a manual review of its surveillance alerts, but failed to reasonably supervise the analyst's review and disposition of those alerts. Trading activity by certain of the firm's direct market access customers triggered thousands of alerts at the firm that raised red flags for potentially manipulative trading, including a variety of practices, such as layering, spoofing, ramping and marking. The firm failed to reasonably respond to those red flags of potentially manipulative trading by its direct market access customers. These red flags included thousands of surveillance system alerts that were generated by a foreign investment fund and a domestic investment fund. (**FINRA Case #2013037572601**)
https://www.finra.org/sites/default/files/fda_documents/2013037572601%20Lime%20Brokerage%20LLC%20CRD%20104369%20AWC%20%20jm%20%282019-1568506780149%29.pdf

A firm was fined $500,000 for failing to adequately establish and implement adequate AML policies and procedures. The firm also failed to adequately supervise a former registered representative who engaged in market manipulation and defrauded customers in violation of Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder and FINRA Rule 2020. The firm is subject to a statutory disqualification under FINRA's By-Laws and Securities Exchange Act Sections 3(a)(39)(F) and 15(b)(4)(E) because it failed reasonably to supervise the former representative with a view to preventing his violations of the Securities Exchange Act. (**FINRA Case #2013035533701**)
https://www.finra.org/sites/default/files/fda_documents/3-18350%20Meyers%20Associates%2C%20L.P.%20CRD%2034171%20-%20Opinion%20of%20the%20Commission%20va%20%282019-1564359575402%29.pdf