

Financial Services Regulatory Highlights

volume 9 no. 11

November 2007

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Regulation SHO Practice Update

Regulation SHO ("Reg SHO"), which became effective on September 7, 2004, was enacted by the U.S. Securities and Exchange Commission in an effort to clamp down on so-called "naked" short sales and other allegedly abusive short selling practices. Compliance with Reg SHO has proven a challenge for both small and large firms, with enforcement cases brought against firms of all sizes. We have recently taken *stock* (no pun intended) of a number of specific challenges currently faced by major broker-dealers in the area of Reg SHO compliance. These are:

- Accurately determining whether every customer entering a sell order is long the subject securities or has arranged (or, the executing firm can arrange) to borrow the securities being sold;
- Accurately recording the "long" or "short" nature of every cash equity sale order, for all types of customers and on all proprietary trades;
- Monitoring failures to receive in threshold securities and diligently closing out aged fails within the required time frames;
- Having effective written supervisory procedures reasonably designed to ensure compliance with the requirements of Reg SHO;
- If the firm disaggregates positions for purposes of determining whether a particular proprietary equity sale is long or short, writing a robust disaggregation plan which is communicated to all relevant employees and tested for effectiveness;
- Where positions must be aggregated, ensuring that up-to-date and complete information on relevant positions is consistently available and properly used in reporting and long/short determinations;
- Regularly and rigorously assessing (for example, as part of the firm's annual internal audit plan or compliance self-assessment) the effectiveness of Reg SHO compliance controls throughout all of the firm's cash equity businesses.

In addition, clearing and carrying firms (particularly those serving independent market makers) may wish to consider adopting surveillance measures to detect potentially abusive short-selling practices by their introducing firms.

Determining if an order is “long” or “short” and documenting the “locate”

The most basic aspect of compliance with Reg SHO is deceptively simple sounding - accurately recording the “long” or “short” designation on every sell order. Traditionally (i.e., prior to Reg SHO), when accepting sell orders from DVP/RVP clients (including “done away” trades for prime brokerage clients of another broker-dealer), executing brokers were supposed to inquire of the customer whether the sale was long or short, and, if short, whether the customer had arranged to borrow the subject securities. In our experience, actual compliance with the old “affirmative determination” rule with regard to institutional DVP/RVP sales, varied widely from firm to firm. Since the adoption of Reg SHO, the SEC has made clear that brokers executing institutional DVP/RVP sales of equity securities must make, and document, specific inquiries of customers with regard to each sell order placed, as to the long/short nature of the sale and the particulars of the customer’s stock loan arrangement. A number of firms have been sanctioned since the adoption of Reg SHO for failing to comply with these basic books and records requirements.

The “locate” requirement under Reg SHO obligates the broker-dealer executing a customer short sale to determine whether the borrowed securities can be delivered by the settlement date. A firm’s failure to document compliance with this requirement can be a serious gap. Further, a pattern of failing to document locates might be more than a books and records issue if, in fact, good locates are not being obtained for every short sale transaction.

A number of firms have been cited for failing to ensure that their Reg SHO compliance programs covered all of the firm’s proprietary equity trading activities. In these cases, the firms were either not marking proprietary sell orders “long” or “short,” or were alleged to have made inaccurate determinations of whether particular trades were properly marked.

Best practice firms have education and communication programs in place so all trading staff understand clearly the importance of obtaining and documenting locates, as well as the firm’s procedures for determining whether to mark an order long or short. In addition, regular testing of sell order documentation can provide early

warning of failures to obtain and/or document locates and other books and records issues.

Monitoring aged fails-to-receive and promptly buying in delinquent fails

The SEC expects firms to monitor DVP/RVP customers’ patterns of behavior in settling trades – if a customer consistently fails to deliver sold securities on time, the firm may no longer be allowed to rely on the customer’s oral assurances as to its long/short status or its stock loan arrangements. Firms are required to monitor DVP/RVP customer’s “long” sales to detect repeated failures to deliver securities by the settlement date. For brokers and dealers that are participants of a registered clearing agency, the deadline for the “close-out” process for a net settlement failure in a threshold security is thirteen (13) consecutive settlement days. The deadline for customers is three (3) consecutive settlement days. An exception to this deadline is available for securities, which, through no fault of the customer or broker-dealer, cannot reasonably be delivered, in good form by settlement date. For example, shares being sold under Rule 144 of the Securities Act of 1933 or being acquired through conversion of convertible bonds. For such securities, the close-out deadline is 35 days after the trade date.

Best practice firms have set up processes and escalation procedures to ensure compliance with the timely buy-in requirements of Reg SHO, including keeping a daily updated list of threshold securities. While brokers traditionally have been reluctant to exercise buy-ins against institutional clients (e.g., hedge funds), the requirements of Reg SHO are clear, and have led to significant enforcement actions where firms were found not to be complying with its provisions. We also note that FINRA and the SEC both consider Reg SHO a key enforcement priority moving forward.

The Importance of Adequate Supervisory Procedures

Six of seven enforcement cases settled by NYSE Regulation in 2006 involving short sale violations included failure to supervise charges. The need for robust, up-to-date written supervisory procedures – including written documentation evidencing that supervision is actually being conducted – continues to be a theme throughout regulatory enforcement. A thorough review of WSPs relating to short sales in general, and the particular requirements of Reg SHO, should be considered by any firm as part of a complete compliance assessment. An oft-repeated theme in enforcement cases is, “If you have the procedure, you’d better follow it and document your process and findings.”

Examples of supervisory deficiencies cited by regulators in recent Reg SHO enforcement cases include:

- Failure to consolidate position data from multiple systems for purposes of calculating and aging fails-to-receive;
- Failure to monitor customer delivery fail trends on DVP long sales;
- Failure to update database used to track short positions;
- Improperly marking proprietary short sales as long;
- Inaccurately figuring proprietary positions for purposes of determining whether the firm was long or short; and
- Not aggregating positions for short reporting purposes, without maintaining an adequate Aggregation Unit policy.

In addition, enforcement cases have targeted non-compliance with Rule 105 of Regulation M. This rule requires firms to have documented policies and procedures to monitor customers using offering securities to cover short positions. Forthcoming changes to SEC regulations concerning participation in offerings may supersede this issue, but in the meantime, best practice firms will continue to surveil for suspicious customer short-selling near offerings in the same securities, to detect improprieties (customers delivering stock from the offering to cover a short sale).

Aggregation / Disaggregation

“Aggregation Units” allow diversified broker-dealers to avoid having to calculate firm-wide net positions when determining if a particular order is to be marked long or short. Reg SHO sets forth requirements, which broker-dealers must meet in order to take advantage of this provision. In essence, the firm must have a written plan identifying each aggregation unit and specifying its trading

objectives. Examples of business units a bank might segregate include:

- Capital markets activity (proprietary trading, stock loan/borrow, market making, block positioning);
- Merchant Banking;
- Private Equity funds, in-house Hedge Funds; and
- Asset or Wealth Management activity.

Another “aggregation” issue is that a firm’s positions kept at separate clearing firms or depository platforms must be combined and monitored collectively, for purposes of Reg SHO. A best practice in this area is to conduct periodic “completeness checks” on supervisory systems and policies – in other words, cross-check policies against all the IT systems and operational platforms which enable the business processes to which the policies apply. An objective outside review of the People, Process, and Technology underlying a firm’s compliance systems may be helpful in identifying such gaps.

Flagrantly abusive trading scheme by market makers

Failure by a clearing firm to be cognizant of Reg SHO misconduct by introducing firms may also be considered a compliance failure by the SEC. In two recent high-profile cases brought by the American Stock Exchange against independent options market makers, the market makers were found to have engaged in a scheme to exploit the bona fide market maker exemption under Reg SHO in order to (improperly) maintain short positions in Reg SHO threshold securities for extended periods of time. In effect, the traders were alleged to have engaged in a series of sham options transactions, which enabled them to “trick” the clearing broker’s Reg SHO buy-in procedures into “resetting” the elapsed days count on the brokers’ fail-to-deliver positions in threshold stocks (thus avoiding the mandatory buy-in of their never-delivered short positions).

Clearing brokers, especially those serving independent equity and/or equity option traders, may wish to re-examine their surveillance tools and programs in light of the types of trading seen in these cases.

Self-assessment programs

Our clients are increasingly making use of “smart self-assessments” to test their firms’ compliance with complex regulations such as Reg SHO. We are frequently engaged to assist in the design, execution and documentation of such assessments. A firm may wish to

conduct a one-time “health check” of Reg SHO compliance to help identify potential gaps or weaknesses in its procedures. Alternatively, a firm may elect to create an annual Reg SHO compliance self-assessment program.

For more information regarding this article, please contact Roger Coffin, Richard Paulson, or Kristina Leone.

The Banking Agencies Approve Final Rule Implementing Basel II

[In early November, each of the banking agencies -- Federal Reserve Board, Office of the Comptroller of the Currency, Office of Thrift Supervision and Federal Deposit Insurance Corporation announced that they had approved the final rule on risk-based capital adequacy implementing the advanced approaches of the Basel II framework.](#)

The final rules implement new Basel II risk-based capital requirements in the United States for large, internationally active banking organizations. The new advanced capital adequacy framework more closely aligns regulatory capital requirements with actual risks and should further strengthen banking organizations’ risk-management practices.

“Basel II is a modern, risk-sensitive capital standard that will protect the safety and soundness of our large, complex, internationally active banking organizations. The new framework is designed to evolve over time and adapt to innovations in banking and financial markets, a significant improvement from the current system,” said Federal Reserve Board Chairman Ben S. Bernanke.

For banking organizations that meet the relevant qualifying criteria, Basel II would replace the current U.S. rules implementing the Basel Capital Accord of 1988 (Basel I). Basel II would be mandatory for large, internationally active banking organizations (so-called “core” banking organizations with at least \$250 billion in total assets or at least \$10 billion in foreign exposure) and optional for others. Under Basel II, core banking organizations would be required to enhance the measurement and management of their risks, including credit risk and operational risk, through the use of advanced approaches for calculating risk-based capital requirements.

Core banking organizations also would be required to have rigorous processes for assessing their overall capital adequacy in relation to their total risk profile and to publicly disclose information about their risk profile and capital adequacy. Under Basel II, risk-based capital requirements will vary on the basis of a banking organization’s actual risk profile and experience, which should lead institutions to make better decisions about extending credit, mitigating risks, and determining overall capital needs. Banking organizations with a higher risk profile will have higher regulatory capital requirements than those with a lower risk profile.

The new U.S. Basel II rule is technically consistent in most respects with international approaches and includes a number of prudential safeguards as originally proposed in September 2006. These safeguards include a requirement that banking organizations satisfactorily complete a four-quarter parallel run period before operating under the Basel II framework, a requirement that an institution satisfactorily complete a series of transitional periods before operating under Basel II without floors, and a commitment by the agencies to conduct ongoing analysis of the framework to ensure Basel II is working as intended. Importantly, Basel II in the United States will be implemented with retention of the leverage ratio and prompt corrective action (PCA) requirements, which will continue

to bolster capital and complement risk-based measures.

Following a successful parallel run period, a banking organization would have to progress through three transitional periods (each lasting at least one year), during which there would be floors on potential declines in risk-based capital requirements.

Those transitional floors would limit maximum cumulative reductions of a banking organization's risk-based capital requirements to 5 percent during the first transitional floor period, 10 percent during the second transitional floor period, and 15 percent during the third transitional floor period. A banking organization would need approval from its primary federal regulator to move into each of the transitional floor periods, and at the end of the third transitional floor period to move to full Basel II. The federal banking agencies will publish a study after the end of the second transition year that examines the new framework for any material deficiencies.

"To ensure that banks maintain strong capital ratios, we will diligently monitor Basel II during every step of its implementation,"

Governor Kroszner of the Federal Reserve said. "Our goal is for banks to have strong risk-based capital ratios that are substantially more representative of risk profiles, and more sensitive to changes in those risk profiles than they are today. If our analysis shows that any part of this goal is not being met, we will consider ways to improve the framework."

As the federal banking agencies said in July, the agencies intend to issue a proposed rule that would provide all non-core banking organizations, which are not required to adopt Basel II's advanced approaches, with the option to adopt a standardized approach under Basel II. The proposed rule is intended to be finalized before the core banking organizations may start their first transition period year under Basel II.

Agencies Issue Final Rule on Identity Theft Red Flags

On October 31, 2007, the federal financial regulatory agencies issued final rules on identity theft "red flags". The final rules implement sections 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003. .

The final rule will require financial institutions and creditors that hold any consumer account, or other account for which there is a reasonably foreseeable risk of identity theft, to develop and implement an Identity Theft Prevention Program for combating identity theft. The program must include policies and procedures for detecting, preventing, and mitigating identity theft and enable a financial institution or creditor to:

- Identify relevant patterns, practices, and specific forms of activity that are "red flags" signaling possible identity theft and incorporate those red flags into the program;
- Detect red flags that have been incorporated into the program;

- Respond appropriately to any red flags that are detected to prevent and mitigate identity theft; and
- Ensure the program is updated periodically to reflect changes in risks from identity theft.

The final rule also requires credit and debit card issuers to develop policies and procedures to assess the validity of a request for a change of address that is followed closely by a request for an additional or replacement card. The final rule requires users of consumer reports to develop reasonable policies and procedures to apply when they receive a notice of address discrepancy from a consumer reporting agency.

The final rules are effective on January 1, 2008.

Federal Reserve Board Announced Amendments to Five Consumer Financial Services and Fair Lending Regulations

On November 1, 2007, the Federal Reserve Board (FRB) adopted amendments to five consumer financial services and fair lending regulations -- Regulations B, E, M, Z, and DD -- to clarify the requirements for providing consumer disclosures in electronic form.

The amendments will simplify the Board's existing rules by:

- Withdrawing certain portions of the 2001 interim rules that restate or cross-reference provisions of the Electronic Signatures in Global and National Commerce Act and accordingly are unnecessary;

- Withdrawing provisions of the 2001 interim final rules that may impose undue burdens on electronic banking and commerce and may be unnecessary for consumer protection; and

- Adopting certain provisions that provide guidance on the use of electronic disclosures.

The mandatory compliance date is October 1, 2008.

Agencies Issue Final Rule on Affiliate Marketing

On November 7, 2007, the OCC, FRB, FDIC, OTS, and National Credit Union Administration (NCUA) issued a final rule on affiliate marketing.

The rule will prohibit a person from using information received from an affiliate to make a solicitation for marketing purposes to a consumer, unless the consumer is given notice and a reasonable

opportunity and a reasonable and simple method to opt out of the making of such solicitations.

The effective date for the rule is January 1, 2008; and the compliance date is October 1, 2008.

Comptroller Dugan Supports FACT Act Implementation Rule

On November 6, 2007, the Comptroller of the Currency, John C. Dugan, issued a statement concerning the implementation of Section 312 of the FACT Act at a meeting of the FDIC Board of Directors.

In the statement, he noted his support for the proposal. He continued by making the following observations concerning the consumer protection measures outlined in the rule:

The proposed rule sets forth two alternatives for defining the key terms "accuracy" and "integrity" -- the characteristics we want to see in the information furnished to credit bureaus and other consumer reporting agencies. These alternatives provide a useful framework for public comment, and I fully expect that the public comment process will help us identify the best approach for ensuring that

these provisions are implemented in a way that serves the interests of both consumers and users of consumer reports and is feasible for the entities that furnish consumer information to consumer reporting agencies.

The proposed rule on direct disputes would go a long way toward achieving something that I believe is critically important: making it easier for consumers to resolve disputes they have with their financial institutions. The proposal would essentially allow consumers to dispute -- directly with the furnisher of the information -- the accuracy of any information about the

consumer's account or performance that the furnisher provides to a consumer reporting agency.

Last Friday, I signed the proposed rule in my capacity as Comptroller of the Currency, and I will vote to approve the FDIC's

proposal today. The proposal is being published with a 60-day comment period, and I look forward to moving this forward to a final rule as quickly as possible after we complete our review of the comments.

SEC Requests Comment on Index Arbitrage Trading Restrictions

[On October 31, 2007, the SEC requested comment on NYSE Rule 80A on Index Arbitrage Trading Restrictions.](#)

The NYSE proposes to rescind the rule to eliminate order entry restrictions on certain index arbitrage orders entered on the NYSE and to eliminate the "collar" provisions of the rule.

The NYSE is making this change because it does not appear that the approach to market volatility envisioned by the use of the "collars" is as meaningful today as it was when the Rule was finalized in the late 1980's.

The SEC has designated that the proposed rule change be effective and operative upon filing.

FINRA Publishes Guidance for New Rule Governing Deferred Variable Annuity Transactions

[On November 6, 2007, FINRA published guidance to firms on a new rule covering transactions in deferred variable annuities. FINRA Regulatory Notice 07-53 outlines the provisions of Rule 2821.](#)

Registered Representative Requirements for Recommended Transactions

When recommending a deferred annuity transaction, a registered representative must:

- Make a reasonable effort to obtain and consider various types of customer-specific information;
- Have a reasonable basis to believe the customer has been informed of the material features of a deferred variable annuity;
- Have a reasonable basis to believe that the customer would benefit from certain features of deferred variable annuities;
- Make customer suitability determination as to the investment in the deferred variable annuity, the investments in the underlying sub-accounts at the time of purchase or exchange, and all riders and other product enhancements and features contained in the annuity contract.
- Have a reasonable basis to believe that a deferred annuity exchange transaction is suitable for the particular customer.

Principal Review and Approval Obligations for All Transactions

The rule will require that a registered principal review and determine whether to approve the customer's application for a deferred variable annuity before transmitting the application to the issuing insurance company, but no later than seven business days after the customer signs the application. A principal must treat all transactions as if they have been recommended for purposes of review and can approve the transaction only if it is suitable based on the factors that a registered representative must consider when making a recommendation. The principal may authorize the processing of the transaction even if he or she does not approve it based on suitability if, but only if, the following two determinations are made:

- The transaction was not recommended ;
- and

- The customer, after being told why the principal found it to be unsuitable, still wants to proceed with the purchase or exchange.

Firm Supervisory Procedures

The rule requires that broker-dealers establish and maintain written supervisory procedures reasonably designed to achieve compliance with the rule's standards. This includes the requirement that the broker-dealer implement surveillance procedures to determine whether any brokers have rates of effecting variable annuity

exchanges that might evidence misconduct, and have policies and procedures in place to address inappropriate exchanges.

Firm Training Program

The rule requires firms to create training programs for registered representatives who sell deferred variable annuities and for registered principals who review deferred variable annuity transactions.

The new rule will be effective on May 5, 2008.

FINRA Approves NASD Rule 2290 Regarding Fairness Opinions

On November 9, 2007, FINRA approved in Regulatory Notice 07-54 new NASD Rule 2290 regarding fairness opinions.

The new rule will require specific disclosures and procedures addressing conflicts of interest when member firms provide fairness opinions in change of control transactions.

NASD Rule 2290 requires that any member firm issuing a fairness opinion must have written procedures for approval of a fairness opinion.

The firm must have procedures regarding types of transactions and the circumstances in which the firm will use a fairness committee to approve or issue a fairness opinion, and in those transactions in which it uses a fairness committee:

- The process for selecting personnel to be on the fairness committee;
- The necessary qualifications of persons serving on the fairness committee; and
- The process to promote a balanced review by the fairness committee, which shall include the review and approval by persons who do not serve on the deal team to the transaction.

Firms are required to have a process to determine whether the valuation analyses used in the fairness opinion are appropriate.

The new rule is effective on December 8, 2007.

House Passes Mortgage Reform Legislation

On November 15, 2007, the House of Representatives passed bipartisan legislation to reform mortgage and anti-predatory lending practices by a vote of 291 to 127.

H.R. 3915, the "The Mortgage Reform and Anti-Predatory Lending Act of 2007" will establish a national standard to prevent abusive lending practices that contributed to the current mortgage crisis.

This legislation will:

- Create a licensing system for residential mortgage loan originators;

- Establish a minimum standard requiring that borrowers have a reasonable ability to repay a loan;
- Attach a limited liability to secondary market securitizers; and
- Expand and enhance consumer protections for "high-cost loans," will include protections for renters of foreclosed homes, and will establish an Office of Housing Counseling through the Department of Housing and Urban Development.

Registering Mortgage Originators to Prevent Abuses

H.R. 3915 will require mortgage originators to be part of a national registration system, either through the states or the Department of Housing and Urban Development. This system for licensing and registration will ensure that mortgage originators are registered in a national database (much like securities brokers) and meet minimum education and certification standards.

Standards for Responsible Lending

Mortgage originators will be required to provide full disclosures and present consumers with appropriate mortgages. This means that the originator will have to ensure that a consumer who receives a mortgage loan:

- Has a reasonable ability to repay the loan; and
- Will receive a net tangible benefit from the loan in the case of a refinancing.

Preventing Abusive and Discriminatory Lending

H.R. 3915 will prohibit undisclosed and unfair compensation schemes that disadvantage borrowers, and require regulations to prevent steering for subprime loans. Mortgage originators who engage in predatory practices and loan steering will be subject to strict penalties.

Securitizations

The bill will subject firms engaged in mortgage securitization activities to liability if they buy, sell and securitize loans that consumers cannot repay. They will be held accountable by

consumers and will have the ability for loans to be rewritten and reworked.

Establishing a National Standard for Liability

H.R. 3915 will establish a national standard regarding assignee and securitizer liability, requiring that the borrowers have a reasonable ability to repay and ensuring that there will be a net tangible benefit to the borrower. The States remain free to pass more stringent laws against lenders and originators.

Protecting Tenants

The legislation will provide protections for renters so that they receive proper notification and are given time to relocate before the home they rent is foreclosed.

Providing Consumer Protections for High Cost Loans

H.R. 3915 expands the scope of and enhances consumer protections for “high-cost loans” under the Home Owners Equity Protection Act by lowering points and fees and interest rate triggers that prohibit practices that increase the risk of foreclosure such as balloon payments, encouraging a borrower to default; and requiring more pre-loan counseling.

OTS Issues Thrift Industry Highlights for Third Quarter

The thrift industry reported a decline in earnings and profitability in the third quarter of 2007 due to continuing weaknesses in the housing and credit markets. The earnings decline was focused primarily in a small number of thrifts heavily engaged in originating mortgages for sale. Strong capital levels and appropriate loan loss provisions will assist thrifts in weathering any further weakening in the housing markets.

Strong refinancing volumes augmented total mortgage origination volume during the quarter. Originations were up ten percent from the third quarter one year ago, but were down five percent from the prior quarter. Delinquencies for most loan types increased over the past year and continued to rise in the third quarter. The largest

increases in delinquency rates were in 1-4 family mortgages and construction loans, and these increases reflect the continued weakness in the housing sector.

The industry’s aggregate ROA was down from the prior quarter and comparable year ago quarters. Higher provisioning and losses on asset sales drove the decrease in the third quarter. The industry’s equity capital ratio was 10.16 percent at the end of the third quarter, down from a record 10.80 percent in the prior quarter.

FINRA Issues Notice on Personnel Background Investigations

On November 15, 2007, FINRA reminds members in Regulatory Notice 07-55 of their obligations regarding background investigations of prospective personnel.

NASD Rule 3010(e) requires that a member firm must ascertain by investigation the good character, business reputation, qualifications and experience of a job applicant before a firm applies to register the applicant with FINRA.

If the job applicant has been registered previously with FINRA, Rule 3010 requires that the firm review a copy of the applicant's most

recent Form U5 within 60 days of the filing date of an application for registration.

To satisfy the firm's background investigation obligations, firms should consider Forms U4 and U5 responses, authorized searches of the CRD, fingerprint results and communications with previous employers, as well as private background checks, credit reports and reference letters.

FINRA Issues Notice on Continuing Education

On November 20, 2007, FINRA advises in Regulatory Notice 07-56 firms on the fourth quarter 2007 Securities Industry/Regulatory Council (the "Council") on Continuing Education Firm Element Advisory ("FEA"). The Council publishes the FEA to identify current regulatory and sales practice issues for possible inclusion in the Firm Element and self-regulatory organization publications and announcements of significant events.

The FEA is designed to identify each topic briefly and then provide links to relevant documents issued on the specified subjects. Topics in this FEA include topics such as:

- Anti-Money Laundering;
- Business Continuity Plans;
- Communications;
- Customer Accounts;
- Finance and Operations;
- Gifts and Business Entertainment;
- Insurance/Annuities;

- Margin and Margin Accounts;
- Markups/Markdowns;
- Municipal Securities;
- New Issues;
- Options Disclosure Document;
- Research Analysts and Research Reports;
- Sales Practices;
- Senior Investors;
- Short Sales; and
- Supervision.

The council suggests that firms use the FEA as an aid in developing their Firm Elements Needs Analysis. Firms are reminded that it should not be relied on as a comprehensive list of all areas to be considered for a firm's Needs Analysis.

FinCEN Invites Nominations for the Bank Secrecy Act Advisory Board

On November 14, 2007, the Financial Crimes Enforcement Network (FinCEN) solicited the public to nominate financial institutions and

trade groups for membership on the Bank Secrecy Act Advisory Group (BSAAG).

The BSAAG consists of a group of representatives from federal regulatory and law enforcement agencies, financial institutions, and trade groups' subject to the BSA.

Membership to the BSAAG is open to financial institutions and trade groups -- new members will be selected to serve a three-year term.

Additional Information

If you would like additional information about the topics discussed in this newsletter, or about PwC's Financial Services Regulatory Advisory Services, please call:

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