

Federal rules & regulations

- ✓ **Securities Act of 1933** ("Paper Act"): primary/issuer market; registration and prospectus
- ✓ **Securities Exchange Act of 1934**: secondary market; **created the SEC**; gave Reg T to the FRB; registers broker-dealers
 - **\$12(g)**: >\$10M assets; 2,000+ holders or 500+ non-accredited
- ✓ **Insiders** (officers, directors, 10%+ owners)
 - Report within **10 days**; changes within **2 days**
 - No shorting their own stock
 - **Short-swing** (6-month) profits returned to the company
- ✓ **Insider trading**: civil up to **3x** profit; criminal up to **\$5M** individual, **\$25M** firm, **20 years**; whistleblower **10–30%**
- ✓ **Trust Indenture Act of 1939**: corporate bonds of **\$10M** or more need an independent trustee
- ✓ **Underwritings**
 - Best efforts • Firm commitment
 - All-or-none • Mini-max
- ✓ **Blue Sky** (state): notice filing, coordination, qualification
- ✓ **Regulations**
 - **Reg M**: anti-manipulation; stabilizing bid at or below the POP, never to raise the price
 - **Reg S-P**: privacy; easy opt-out
 - **Reg SHO**: locate first; threshold fails closed out after **13 days**

Reg NMS	Covers
605	Execution-quality reports
606	Order-routing disclosure
607	Payment for order flow (PFOF) disclosure
610	Access-fee cap: \$0.001/share
611	Order protection (no trade-throughs)
612	Increment: \$0.01 at \$1 or more; \$0.0001 below \$1

AML & investor protection

- | AML | Requirement |
|-------------------------|----------------------------------|
| \$3,000 wires | Keep transfer records |
| \$5,000 or more | SAR (illegal to tell the client) |
| More than \$10,000 cash | CTR, filed within 15 days |
- ✓ **BSA, PATRIOT Act, OFAC/SDN**; max **20 years** / **\$500,000**
 - ✓ **SIPC**: **\$500,000** per account, including up to **\$250,000** cash
 - Covers street-name securities if a broker-dealer fails
 - Not commodities or futures
 - ✓ **Financial exploitation (2165)**: **65+**, or 18+ impaired
 - **15-day** hold on a payout or trade; notify the trusted contact within 2 days
 - Extend **10**, then **30** if reported to a regulator (all business days)
 - ✓ **Circuit breakers** (S&P 500)
 - **Levels 1–2 (7%, 13%)**: 15-min halts; **Level 3 (20%)**: rest of day
 - **LULD bands**: **5%** Tier 1 / **10%** Tier 2 above \$3; **20%** at \$0.75–\$3; lesser of \$0.15 or 75% below \$0.75

Records & lost securities

- | Kept | Records |
|----------------------|---|
| First 2 years | Easily accessible, non-editable |
| 3 years | Default: order tickets, communications, confirms; U4 = employment + 3 years; U5 = 3 years |
| 4 years | Customer complaints (MSRB: 6 years) |
| 5 years | CIP documents, CTRs, SARs |
| 6 years | Blotters, ledgers, stock records |
| Lifetime | Charter, partnership agreement, board minutes |
- ✓ **Lost and stolen securities (SIC)**
 - Theft or counterfeit → **SIC and FBI within 1 business day**
 - Missing, no crime → 2 business days to locate, then report
 - Lost in transit → report within **20 days**

Codes of arbitration & procedure

- ✓ **Arbitration is required**; mediation is optional
 - **Simplified**: 1 arbitrator, **\$50,000 or less** (\$100,000 firm-only)
 - **3 arbitrators** for larger claims
- ✓ **Code of procedure**: the **DOE** initiates
 - Respondent has **25 days** to answer (14 more after a 2nd notice); no response = admission
 - **MRV**: fine up to **\$2,500**; **AWC**: accept findings, waive appeal
 - **Appeals**: hearing panel → **NAC** → **SEC** → Court of Appeals → Supreme Court

MSRB "G" rules

Rule	Requirement
G-11	Priority: pre-sale → group net → designated → member
G-20	Gifts limited to \$300
G-26	Transfers: validate in 1 business day , complete in 3
G-32	Final official statement by settlement
G-37	Political contribution → 2-year ban on muni business
SMMP	Institutional customer, \$50M+ in assets

Accounts & retirement

- ✓ **Joint ownership**
 - **JTIC**: share to the estate • **JTWROS**: to the survivor
 - **TBE**: married; both agree • Community property
- ✓ **UGMA**: age of majority; **UTMA**: up to the state maximum
- ✓ **Pattern day trader**: 4+ day trades in 5 business days
- ✓ **IRAs**: Traditional (deductible, **RMDs**) vs **Roth** (no RMDs)
 - 2026 limit **\$7,500** + **\$1,100** catch-up at 50+ (**\$8,600**)
 - Contribute by **April 15**; rollover: **60 days**, one per 12 months
- ✓ **ERISA**: vesting by 3-year cliff or 2–6-year graded; participation at age 21+ with 1,000 hours