Achievable

FINRA SIE / 6 / 7 DUMP SHEET

Regulators, laws and rules

Securities and Exchange Commission (SEC)

- Federal agency regulating securities markets and participants
- 3-prong mission:
  - Protect investors
  - Maintain fair, orderly, and efficient markets
  - Facilitate capital formation
- Enforces all federal securities legislation, including:
  - Securities Act of 1933
  - Securities Exchange Act of 1934
  - Investment Company Act of 1940
  - Insider Trading Act of 1988

Financial Industry Regulatory Authority (FINRA)

- Self-regulatory organization
- Regulates securities firms and registered representatives
- Controls the registration process
- Requires representatives to register via Form U4
  - Form U4 disclosures
    - 10-year employment history
    - 5-year residence history
    - All relevant criminal history (no time limit)
    - All financial history
    - Outside business activities
    - Regulatory punishments
  - Statutory disqualifications
    - Any felony conviction (last 10 years)
    - Securities-related misdemeanor convictions (last 10 years)
    - License suspended or revoked by another regulator
    - Proof of false statements made
- Form U4 submitted to CRD
- U4 disclosures made public to BrokerCheck
- Facilitates the Code of Procedure
  - May institute punishments for firms or representatives:
    - Censures
    - Fines
    - Registration suspension or revocation

Municipal Securities Rulemaking Board (MSRB)

- Self-regulatory organization governing the municipal markets
- Writes municipal regulations, does not enforce
- MSRB rules enforced for securities firms by:
  - SEC
  - FINRA
- MSRB rules enforced for banks by:
  - The Federal Reserve Board
  - Office of the Comptroller of the Currency (OCC)
  - Federal Deposit Insurance Corporation (FDIC)

North American Securities Administrators Association (NASAA)

- Group of state securities administrators
- Each state's administrator enforces its securities rules, including the Uniform Securities Act

Insider Trading Act of 1988

- Trading prohibited on material, non-public information
- $25 million max fine (firms)
- $5 million max fine, 20-year max jail sentence (individuals)
- Treble civil penalties (3× profit made or loss avoided)

Regulation S-P

- Firms must safeguard non-public customer information
- Must provide easy "opt out"
- Privacy notices required at account opening + annually