



FINRA SIE/6/7 DUMP SHEET



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



Municipal Securities Rulemaking Board (MSRB)

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



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
- ✓ Facilities code of procedure
 - ✓ May institute punishments for firms or representatives:
 - Censures
 - Fines
 - Registration suspension or revocation



North American Securities Administrators Association (NASAA)

- ✓ Regulates financial industry at the state level
- ✓ Enforces provisions of 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 (3x 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