



2019 FINRA Institutional Conference

September 11 | New York, NY

Common Examination Findings for Institutional Firms

Wednesday, September 11, 2019

1:45 p.m. – 2:45 p.m.

Join FINRA staff as they discuss the most common deficiencies noted during FINRA cycle examinations of institutional firms. Industry practitioners describe taking corrective action and updating compliance procedures and practices based on lessons learned from common examination findings pertaining to fixed income and equity sales, and trading business lines.

Moderator: Scott Gilbert
Vice President and District Director, Sales Practice
FINRA New York District Office

Speakers: Gary Distell
Chief Compliance Officer and Senior Regulatory Counsel
Guggenheim Securities, LLC

Eric Field
Director of Capital Markets Compliance
Robert W. Baird & Co.

Rajesh Mirchandani
Senior Director, Trading and Financial Compliance Examinations (TFCE)
FINRA Market Regulation

Common Examination Findings for Institutional Firms Panelist Bios:

Moderator:

Scott M. Gilbert is a FINRA Vice President and New York District Director, responsible for the District's examination and risk monitoring programs. From 2013 to 2019, he was a FINRA Senior Director with responsibility for the New York District's large firm examination and cause examination programs. From 2004 through 2013, Mr. Gilbert was employed at UBS Financial Services Inc. in various roles including Executive Director and Head of Compliance for the Wealth Management Advisor Group of UBS, with responsibility for compliance matters and policies relating to the broker-dealer's financial advisors. From 2006 through 2010, he was Senior Associate General Counsel and head of the group responsible for internal investigations and disciplinary recommendations at UBS. In that role, he advised the firm's management in all aspects of issues related to employee compliance with firm policies and industry rules, regulations and laws. From 2000 to 2004, Mr. Gilbert was Vice President and Senior Counsel with Merrill Lynch & Co., where he was responsible for global regulatory matters and internal investigations. Before that, he was a trial counsel with the Division of Enforcement of the New York Stock Exchange, responsible for enforcing the rules of that self-regulatory organization, investigating customer complaints and prosecuting disciplinary actions. Mr. Gilbert was at the NYSE from 1995 to 2000. He also was a litigation attorney in private practice from 1990 to 1995, with a focus on complex commercial litigation and securities class actions. Mr. Gilbert is a graduate of Columbia University and New York University School of Law.

Speakers:

Gary Distell has more than 25 years of experience in the financial compliance and legal fields. He started his career at the NASD and now serves as the Chief Compliance Officer, Senior Managing Director and Senior Regulatory Counsel for Guggenheim Securities. Mr. Distell first served as a Senior Consultant and in September 2015 joined the company as a Managing Director and Regulatory Counsel for Guggenheim Partners, where he advised the Global Head of Compliance on a variety of compliance issues arising in the broker-dealer and investment advisory divisions. Prior to Guggenheim Partners, he served as the Global Head of Compliance, Managing Director and Senior Counsel for Cantor Fitzgerald where he coordinated and implemented policies globally for all of Cantor Fitzgerald's compliance departments and oversaw many aspects of the Americas legal department, including fixed income and equity. From July 2008 to January 2010, Mr. Distell was a partner for Katten Muchin Rosenman LLP, a full-service law firm where he focused on Financial Services law. Mr. Distell was also previously a Senior Managing Director for Bear, Stearns & Co. where he was the head equity attorney and head of their regulatory group from 1996 to 2008. Prior to Bear, Stearns & Co., Mr. Distell served as an investigator for the National Association of Securities Dealers (Now FINRA) until 1996. Mr. Distell is Series 7, 24, 57, 63, 79 and 99 licensed and holds a B.S. in Finance from Penn State University, a J.D. from George Washington University Law School and the LL.M. from Georgetown University Law Center.

Eric Field has been with Robert W. Baird & Co. Inc. since 2010, first as Director of Equity Capital Markets Compliance, then as Director of Capital Markets Compliance in 2011, which includes responsibility for all equities and fixed income compliance. He is currently Baird's Municipal Advisor CCO. From 2003-2010, Mr. Field worked at a mid-size broker dealer near Washington, DC and was responsible for a variety of compliance areas including equities, fixed income, options, public communications, and registrations. Prior to that he worked from 2000-2003 as a TMMS examiner with then NASD, where he conducted examinations of member firms trading desks. Mr. Field has his Masters of Science Degree in Finance from Johns Hopkins University and his B.S. in Finance from West Virginia University. He currently serves on the MSRB Series 50/54 exam writing committee.

Rajesh Mirchandani is Senior Director in the Trading and Financial Compliance Examinations (TFCE) examination program within FINRA's Market Regulation Department. TFCE was formerly known as Trading and Market Making Surveillance (TMMS). Mr. Mirchandani's team regulates FINRA and various Exchange members for compliance with REG SHO Compliance, Confirmation disclosures, Order Execution and Order Routing information disclosures, OATS Reporting, Trade Reporting/Order Entry, Record-keeping, Market Access, and other trading rules. Mr. Mirchandani is responsible for planning, coordination, and execution of the annual TFCE examination cycle. Mr. Mirchandani has been with FINRA since July 1996, where he started with Member Supervision as a Sales Practice examiner. He received his B.S. degree in Industrial Engineering

from State University at Buffalo in 1991, and an MBA in Finance and Investments from Baruch College in 1996.

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Panelists


■ Moderator

- **Scott Gilbert, Vice President and District Director, Sales Practice, FINRA New York District Office**

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- **Gary Distell, Chief Compliance Officer and Senior Regulatory Counsel, Guggenheim Securities, LLC**
- **Eric Field, Director of Capital Markets Compliance, Robert W. Baird & Co.**
- **Rajesh Mirchandani, Senior Director, Trading and Financial Compliance Examinations (TFCE), FINRA Market Regulation**

To Access Polling

- Under the “Schedule” icon on the home screen,
- Select the day,
- Choose the Common Examination Findings for Institutional Firms session,
- Click on the polling icon: 

Polling Question 1

- 1. Do you have a process for monitoring vendors from a compliance perspective?**
 - a. Yes**
 - b. No**
 - c. I don't know**



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Resources

CAT Clock Synchronization

- CAT FAQs

www.catnmsplan.com/faq/index.html

- FINRA Regulatory Notice 17-09, *Consolidated Audit Trail (CAT), The National Securities Exchanges and FINRA Issue Joint Guidance on Clock Synchronization and Certification Requirements Under the CAT NMS Plan* (March 2017)

www.finra.org/sites/default/files/notice_doc_file_ref/Regulatory-Notice-17-09.pdf

- FINRA Regulatory Notice 16-23, *Clock Synchronization, SEC Approves Rule Change to Reduce the Clock Synchronization Tolerance for Computer Clocks Used to Record Events in NMS Securities and OTC Equity Securities* (July 2016)

www.finra.org/sites/default/files/notice_doc_file_ref/Regulatory-Notice-16-23.pdf

OATS Reporting

- FAQ Regarding Order Audit Trail System (OATS) Compliance

www.finra.org/filing-reporting/market-transparency-reporting/oats/faq/compliance

- OATS Technical Specifications

www.finra.org/filing-reporting/oats/oats-technical-specifications

Registration

- Web CRD, Individual Form Filing: Form U4

www.finra.org/sites/default/files/web-crd-form-u4.pdf

TRACE Resources

- Frequently Asked Questions (FAQ) about the Trade Reporting and Compliance Engine (TRACE)

www.finra.org/filing-reporting/trace/faq

- *FINRA Trade Reporting Notice, FINRA Reminds Firms of Their Obligations Regarding TRACE Reporting* (July 2019)

Webpage: www.finra.org/rules-guidance/notices/trade-reporting-notice-071919

PDF: www.finra.org/sites/default/files/2019-07/Trade-Reporting-Notice-071919.pdf