

CRCP Week I: Foundation | July 14 – 19, 2024

Session Descriptions and Learning Objectives

Certified Regulatory and Compliance Professional (CRCP)[®] Program



FINra[®]

GEORGETOWN
UNIVERSITY
McDonough
SCHOOL of BUSINESS
EXECUTIVE EDUCATION



Session Descriptions and Learning Objectives

This intensive week-long program is delivered in partnership with Georgetown University's McDonough School of Business. Taught by business and law school professors from Georgetown University and expert faculty drawn from other universities, financial industry professionals and securities industry regulators, this foundational program leverages case studies, lectures and interactive discussions to foster a broad understanding of the financial services industry and regulations. **Following are detailed descriptions and learning objectives for each Week I session.**

SESSION 1 **Fundamentals of Financial Regulation**

This session provides an overview of the basic reasons for financial regulation and an overview of the legal framework for securities regulation. The laws highlighted include the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940 and the Investment Advisers Act of 1940. The session also covers the basic structure and purpose of the U.S. government agencies (e.g., SEC, CFTC, OCC, FDIC, Federal Reserve) and self-regulatory organizations (e.g., FINRA, Exchanges) responsible for overseeing the financial services industry.

Learning Objectives

After completing this session, you will be able to understand:

- ▶ basic reasons for financial regulation, including:
 - importance of information asymmetries;
 - fraud prevention;
 - investor protection;
 - economic growth and stability; and
 - law enforcement;
- ▶ structure and purpose of U.S. financial regulatory agencies, including:
 - SEC, CFTC, OCC, FDIC, Federal Reserve; and
 - SROs (FINRA, Exchanges); and
- ▶ legal framework, including:
 - Securities Act of 1933;
 - Securities Exchange Act of 1934;
 - Investment Company Act of 1940; and
 - Investment Advisers Act of 1940.

SESSION 2,3
**Public Offerings &
Civil Liabilities I and II**

The Securities Act of 1933 imposes heavy regulatory burdens on those who raise capital via a public offering of securities, whether an “initial public offering” or a public offering by a more seasoned issuer. These sessions examine (1) the book-building process by which most public offerings are made; (2) the liability threat when false information appears in a registration statement or other form of prospectus; (3) the SEC review procedure prior to the effective date; and the rules restricting the making of offers and sales during the three phases of a registered public offering; and (4) the liberalization that is reserved for offerings by seasoned issuers.

Learning Objectives

After completing this session, you will be able to:

- have an appreciation of the SEC’s role in capital formation and the important techniques for conducting public offerings; and;
- understand the potent liability structure that drives the due diligence process.

SESSION 4
**Diversity, Equity
and Inclusion**

This session will focus on establishing a foundational understanding of diversity, equity and inclusion (DEI) principles and their impact on the workplace. Session participants will engage in dialogue and breakout activities to explore key DEI concepts connected to the business impact of DEI, the cultural implications of a lacking DEI strategy and the holistic benefits of DEI values for organizations, leaders, and individual contributors.

Learning Objectives

After completing this session, you will be able to:

- establish foundational understanding and awareness of key DEI principles;
- build confidence in equitable and inclusive practices for the workplace;
- develop an understanding of the business impact of DEI; and
- establish an understanding and awareness of the DEI Maturity Model for organizations.

SESSION 5,6
**Exempt Offerings and
Resales I and II**

These sessions cover exempt securities offerings and transactions, specifically focusing on Sections 3 and 4 of the Securities Act of 1933, Regulation D exemptions, Regulations A and A+, Regulation S and intrastate offerings. The discussion includes an analysis of the regulatory concept of an accredited investor and how the JOBS Act changes the rules concerning general solicitation in private placements. The sessions also cover the sale of restricted and controlled securities, specifically focusing on the requirements for resale pursuant to SEC Rules 144 and 144A.

Learning Objectives

After completing this session, you will be able to:

- differentiate between the various types of exempt offerings and transactions;
- summarize the requirements of private placement and offering exemptions; and
- analyze restricted and controlled securities and determine when unregistered securities are eligible for resale.

SESSION 7,8
Securities Exchange Act I and II

The Securities Exchange Act of 1934 is a broad and sweeping statute that mainly seeks to promote integrity in process by which shares trade after having been issued. These sessions cover (1) basic corporate disclosure requirements; (2) the many additional requirements (internal controls, audit committees, etc.) imposed by the Sarbanes-Oxley Act in 2002; (3) the creation of strong anti-manipulation and antifraud prohibitions that reach well beyond the issuer community; (4) Regulation FD's restrictions on selective disclosure; (5) the disclosure and substantive regulation imposed on investors who take large beneficial ownership positions in public companies; and (6) proxy regulation. As time permits, the session also will explore the surprisingly difficult questions involved in assessing whether an instrument is a security in the first place.

Learning Objectives

After completing this session, you will be able to:

- have an appreciation of the SEC as a regulatory agency and the important background into the process of disclosure by public companies and its associated infrastructure; and
- “connect the dots” in terms of the ways that the SEC’s approach to disclosure affects the day-to-day work of broker-dealers and other securities professionals.

SESSION 9
Broker-Dealer Regulation: Reg BI and Form CRS

This session examines the SEC’s Regulation Best Interest (“Reg BI”) and Form CRS. The session reviews the basic obligations of a broker-dealer and a broker under Reg BI and the related disclosure requirements under Form CRS. The session notes the enhancements that Reg BI made to broker duties under FINRA’s suitability rule. The session also highlights developing practices in this space, including those that have been effective, and areas of regulatory concern.

Learning Objectives

After completing this session, you will be able to:

- have a basic understanding of the obligations of a broker-dealer and a broker under Reg BI and the related Form CRS;
- note the differences between Reg BI’s obligations and those imposed under FINRA’s suitability rule; and
- understand developing best practices in this area and current areas of SEC and FINRA focus and concern as to compliance with Reg BI and Form CRS.

SESSION 10
Broker-Dealer Regulation: Books, Records, Reports and Sales Practice Compliance

This session covers the requirements of broker-dealers to make and keep current books and records relating to the firm’s business under SEC and FINRA rules. It addresses recordkeeping requirements that are tied to specific broker-dealer activities and reporting obligations and that serve as the basis for supervision and regulation of a firm and its associate persons, particularly as to their sales practices. The session also considers the required retention formats for books and records and developments in this area in light of recordkeeping technology. Where possible, the session explores current regulatory issues in recordkeeping and the policies behind the regulatory requirements and their evolution.

Learning Objectives

After completing this session, you will be able to:

- understand the kinds of books and records that must be made and maintained under SEC and FINRA rules, the acceptable retention formats for them and their connection to reporting requirements;
- understand the impact of recent technological trends on recordkeeping formats as well as recordkeeping issues; and
- understand the origin of, and policies behind, the recordkeeping rules and ideas for their reform.

SESSION 11
Broker-Dealer
Regulation: Financial
Responsibility and
Managing Risks
(Net Capital)

This session covers the broker-dealer financial responsibility rules, with an emphasis on the net capital and customer protection rules. The session also explores the U.S. approach to broker-dealer management of financial and operational risks and how that differs from the approach taken by U.S. banking and foreign financial regulators.

Learning Objectives

After completing this session, you will be able to:

- understand the purpose and elements of the net capital rule, follow and understand issues in the computation of net capital and appreciate the ways in which the SEC and FINRA watch for firms experiencing difficulties in meeting their obligations under the rule;
- understand the purpose and elements of the customer protection rule and its relationship to SIPC; and
- appreciate the value of risk management in broker-dealers today, understand basic best practices in this domain and be aware of regulatory areas of interest.

SESSION 12
Effective
Communications
Within the Firm

This session explores how the ubiquitous presence of mobile devices makes focusing messages directly towards the needs of your audience critical. Creating concise and targeted messages that communicate the why and how of compliance contributes to creating a culture of compliance. This session also discusses strategic communication and message development and explores frameworks for developing audience-focused messages and compelling stories.

Learning Objectives

After completing this session, you will be able to:

- provide a framework for organizing and planning messages quickly;
- identify a core statement that is audience-focused that can be used to build effective messaging; and
- recognize the critical elements necessary for telling an effective story.

SESSION 13
Communications
With the Public:
Advertising and
Social Media

How does FINRA regulate broker-dealers' marketing communications, within the Securities Exchange Act of 1934's statutory framework? What must broker-dealers do to supervise social media, text messages, and other digital communications? This session covers FINRA, SEC and MSRB standards that govern retail and institutional communications, as well as correspondence, and provides guidance on the regulatory interpretations related to advertising and social media content. The session will also address communications content concerns, approval, supervision, and recordkeeping requirements. Where possible, the session also highlights how regulation addresses the inappropriate uses of psychological pressures in marketing communications.

Learning Objectives

After completing this session, you will:

- understand the statutory background to advertising regulation of broker-dealers' written and electronic communications;
- understand FINRA requirements governing retail and institutional communications and correspondence under FINRA Rule 2210;
- understand the regulatory issues posed by retail communications concerning crypto assets, digital communications including social media, financial influencers ("influencers"), off-channel messaging services, and mobile apps, as well as effective practices in these areas; and
- have a basic framework for facing new issues in communications compliance.

SESSION 14
Broker-Dealer
Regulation:
Supervision

In this session, participants review the legal framework that requires firms to supervise their employees' activities, including the Exchange Act statutory framework and FINRA's supervision and supervisory control rules. Participants also review supervisory tasks and systems, with an emphasis on practical implementation, and tackle issues surrounding the role of compliance and "the supervisor" in relation to other organizational stakeholders. Emphasis is given to practical considerations and takeaways. Consideration also is given to the social and psychological justifications for compliance and supervision.

Learning Objectives

After completing this session, you will be able to:

- understand the Exchange Act statutes governing supervision and their background;
- understand FINRA's rules governing supervision and supervisory controls;
- outline effective supervisory practices; and
- explain the role of compliance in supervision and understand the definition of a supervisor.

SESSION 15
Market Structure

This session provides an overview of the structure and regulatory framework for the U.S. securities markets, including their history and how they have evolved. The session also explores the impact of innovation on the markets, such as high-frequency trading and dark pools, including how such innovation can affect market access and capitalization.

Learning Objectives

After completing this session, you will be able to:

- understand why exchanges exist and the network economics underpinning markets;
- understand the importance of market data;
- understand the regulatory structure of the national market system; and
- discuss the impact of advances in technology on trading practices, market access and capitalization.

SESSION 16
Broker-Dealer
Regulation: Best
Execution in Equities
and Fixed Income

This session highlights standards and practices to meet best execution requirements in equities and fixed income products, with a focus on receiving, routing, handling and executing customer transactions to ensure that reasonable care is taken to execute a customer's order in a manner that is the most advantageous for the customer. Also discussed are factors that should be considered as part of a firm's best execution analysis, the SEC's requirements regarding best execution and payment for order flow, FINRA's rule 5310 and the SEC's proposed changes.

Learning Objectives

After completing this session, you will be able to:

- ▶ understand Best Execution Requirements under FINRA Rule 5310, including:
 - the methods for achieving and demonstrating best execution for equity securities;
 - the methods for achieving and demonstrating best execution for fixed-income securities; and
 - the impact of payment for order flow on best execution; and
- ▶ explain the SEC's proposed Best Execution Rule and SEC Rules 605 and 606.

SESSION 17
Fintech101

This session provides an overview of financial technology (Fintech) and blockchain evolution and uses case studies to explore how businesses are using new technologies. In addition, the session provides an overview of applicable privacy, security, legal and regulatory issues.

Learning Objectives

After completing this session, you will be able to:

- describe the types of technologies the term FinTech encompasses;
- understand how businesses may incorporate FinTech into their operation infrastructures; and
- outline relevant privacy, security, and regulatory issues applicable to different FinTech initiatives and emerging trends.

SESSION 18
FinTech 201 and Emerging Trends in Financial Markets and Regulation

Financial market technology is changing our markets, and regulation will change with it. But how? This session builds on material from previous sessions to provide an overview of emerging trends in the ever-changing financial services industry and how those trends may affect the financial markets in the near future and over time. The session also highlights regulators' responses to emerging trends, including rulemaking and legislative initiatives in the digital asset space and FinTech.

Learning Objectives

After the completion of this course, you will be able to:

- synthesize material from previous sessions to identify likely future regulatory initiatives;
- understand the SEC's current rulemaking agenda;
- build awareness of U.S. and E.U. legislative initiatives; and
- explain how "digital assets" differ from traditional financial assets and the implications for financial regulation.

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1700 K Street, NW
Washington, DC 20006-1506
www.finra.org

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