

Morgan Lewis

SECURITIES ENFORCEMENT — EMERGING TRENDS IN SEC AND FINRA ENFORCEMENT

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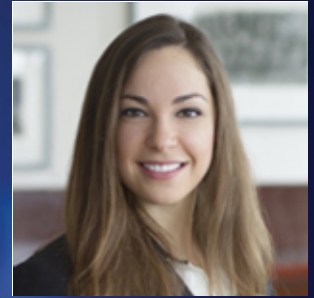
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SEC Examination and Enforcement Developments: Current Trends

- Examination Program:
 - Recently released examination priorities
 - Key risk alerts
 - IA fee calculations, robo-advisers, ESG investing
 - Structural changes to the Division of Examinations
- Enforcement Program
 - Proactive enforcement
 - Cooperation
 - Penalties
 - Admissions
 - Whistleblowers

FINRA Examination and Enforcement Developments: Current Trends

- Examination and Risk Monitoring Program
 - Reg BI/Form CRS, Order Handling/Best Ex, Mobile Apps, Cybersecurity
- Complex Products (Reg. Notice 22-08)
- Sweeps/Targeted Examinations
 - Unit Investment Trusts, 529 Plan Share Class Initiative, Options, Social Media, SPACs
- Enforcement Program
 - Customer Restitution
 - Removing Bad Actors
 - Senior/Vulnerable Investors
 - Market Integrity

SEC: A Look Forward

- Continued active and aggressive regulatory and enforcement approach
- Increased exam referrals; exam priorities likely preview enforcement efforts
- Enforcement AMU sweeps and investigations
- Areas of continued focus:
 - Cryptocurrency and cybersecurity: renamed Unit; nearly doubled staff
 - ESG: disclosures, marketing, processes and procedures
 - Private Funds: fees, disclosures, equal treatment of investors and insider trading
 - Broker-dealers: interactions with retail customers
- Proposed rulemaking could be costly and impactful

FINRA: A Look Forward

- Chief Compliance Officer Liability (Reg. Notice 22-10)
- Continued Emphasis on Customer Restitution
 - Differences/Challenges from SEC Disgorgement
- Credit for Extraordinary Cooperation
- Enhanced Penalties for Perennial Issues
- Streamlining and Standardizing Settlement Documents
- Emphasis On and Use of Data Analytics and Expertise

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G. Jeffrey Boujoukos is the co-leader of our securities enforcement practice. The former regional director of the Philadelphia Regional Office of the US Securities and Exchange Commission (SEC), Jeff defends public companies, financial services clients, and their executives in SEC, self-regulatory organization (SRO), and state enforcement matters. Combining his government and private practice experience, Jeff advises clients in collaboration with Morgan Lewis's securities, white collar defense, and investment management practices. He is admitted in Pennsylvania and Massachusetts only, and his practice is supervised by DC Bar members.

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Kelly Gibson is the co-leader of the firm's securities enforcement practice. She previously held numerous national and regional leadership roles at the US Securities and Exchange Commission (SEC), including serving as the acting deputy director of the Division of Enforcement, as leader of the Enforcement Division's nationwide Climate and Environmental, Social, and Governance (ESG) Task Force, and as director of the SEC's Philadelphia Regional Office. Kelly advises and defends public companies, financial services clients, and their executives in SEC, self-regulatory organization (SRO), and state enforcement matters, and in internal investigations. She is admitted in Pennsylvania and New Jersey only, and her practice is supervised by NY Bar members.

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Ariel Gursky focuses her practice on representing broker-dealers, investment advisers, and their employees in US Securities and Exchange Commission (SEC), self-regulatory organization, and state securities commission investigations, and conducting internal investigations for such firms. She has particular experience in assisting broker-dealers in evaluating whether to self-report matters under FINRA Rule 4530(b), issues involving electronic trading and trade reporting obligations, and analyzing large data sets in the context of an enforcement investigation or settlement. Ariel acts as counsel to several broker-dealer self-reporting committees, and also has experience representing broker-dealers and individuals in all phases of the FINRA arbitration process.

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Ben A. Indek focuses his practice on representing broker-dealers and their executives in Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA) investigations and conducting internal investigations. Ben counsels clients on regulatory and compliance issues, with a particular emphasis on assisting firms in evaluating their self-reporting obligations under FINRA Rule 4530(b); he acts as counsel to several self-reporting committees. As a former compliance officer, Ben has a deep understanding of the role of such professionals at broker-dealers and he has a long and successful track record of representing compliance officers and in-house lawyers in FINRA matters.

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Christine Lombardo advises investment managers and broker-dealers on financial regulatory matters. She concentrates her practice on securities regulation for a broad range of financial firms including retail asset managers, private fund managers, family offices, broker-dealers, other professional traders, and high-net-worth individuals. Christine also counsels legal, compliance, and business personnel on the structure, operation, and distribution of advisory programs, including digital advisory offerings, and investment products, including hedge funds, private equity funds, venture capital funds, real estate funds, and other alternative investment products.

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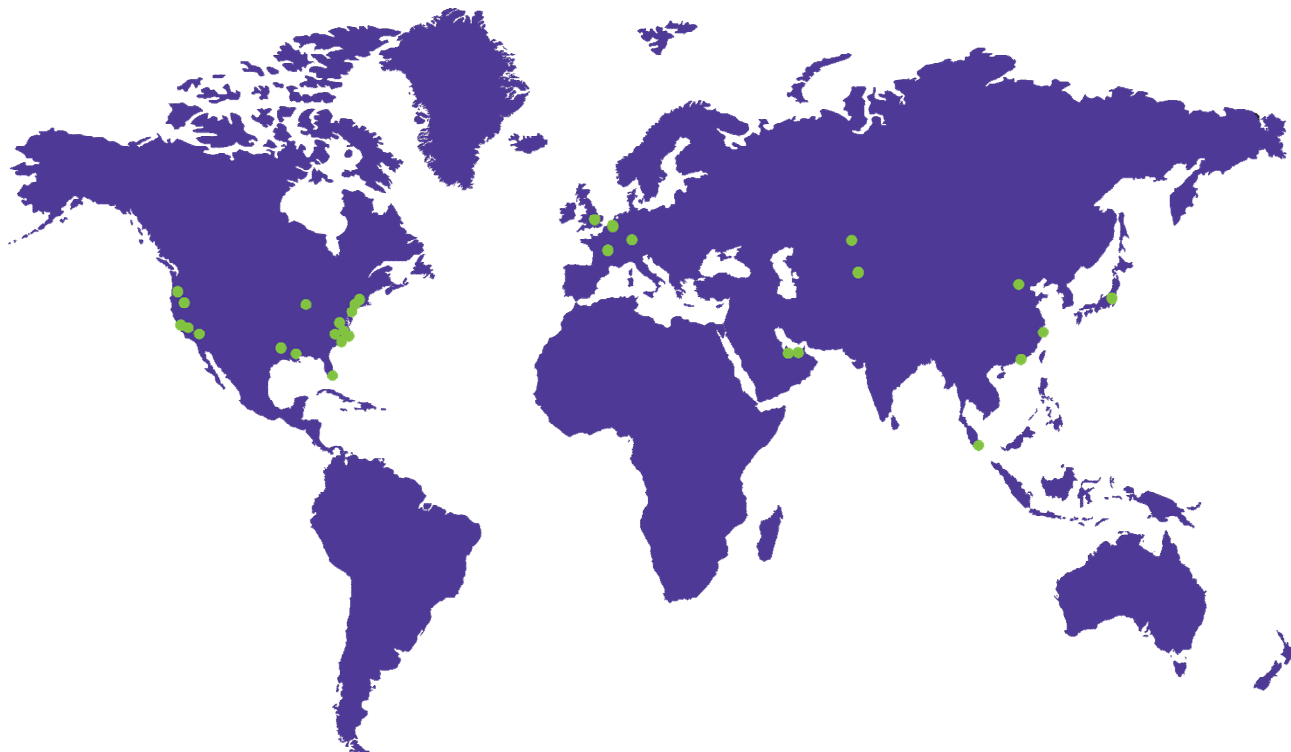
Zoe Phillips represents businesses and individuals before the US Department of Justice (DOJ), the US Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), the US Commodity Futures Trading Commission (CFTC), and other governmental and regulatory authorities in securities enforcement and white collar matters. Zoe's experience includes government, self-regulatory organization and internal investigations, regulatory and compliance counseling, US federal and state litigation, and other complex commercial litigation matters.

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