

# FinCEN AND FINRA News for 2018

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## FinCEN Exchange to encourage information sharing

In December 2017, the U.S. Treasury's Financial Crimes Enforcement Network ("FinCEN") announced the creation of a platform to facilitate information sharing on a voluntary platform on financial crimes issues including anti-money laundering efforts. The platform is known as the FinCEN Exchange, and is designed to share information more "dynamically." FinCEN has conducted special briefings for approximately 40 financial institutions and law enforcement agencies since 2015. The FinCEN Exchange seeks to formalize these meetings, which will be convened more regularly. This platform in many ways mirrors the United Kingdom's Joint Money Laundering Intelligence Taskforce, which has received praise from both industry participants and law enforcement alike since its formal creation in May 2016.

The FinCEN Exchange provides an additional tool for the industry to obtain information from the government to identify AML risks. The plan contemplates periodic briefings between FinCEN, law enforcement and industry participants to identify and exchange information on targeted threats such as money laundering methods. Although the Under Secretary of Treasury for Terrorism and Financial Intelligence stated at the ABA/ABA Financial Crimes Enforcement Conference on December 4, 2017 that the FinCEN Exchange is "not intended to add a regulatory burden to your financial institutions," participating financial institutions would be wise to include the illicit financial threats identified through the FinCEN Exchange as part of those institutions' overall AML risk assessment process. Selection of industry participants invited to join the platform is yet to be finalized, but invitations will likely be based on the size of the financial institutions and the type of information they may be able to share with other FinCEN Exchange participants.

## FINRA's 2018 Regulatory & Examinations Priority Letter

Many of us remember the "old days" when the regulators would roll out a "top 10 List" of examination and sales practice review priorities.

This year, FINRA has published a more extensive and expanded list. You can read Robert Cook's complete letter here:

<http://www.finra.org/sites/default/files/2018-regulatory-and-examination-priorities-letter.pdf>

For those of you who want the "cliff notes" version, here is a list of the topics on the 2018 examination priorities list:

- Fraud Schemes
- High-risk Firms and Brokers

- Business Continuity Planning
- Customer Protection and Verification of Assets and Liabilities
- Technology Governance
- Cybersecurity
- Anti-Money Laundering
- Liquidity Risk Planning
- Short Sales
- Suitability
- Initial Coin Offerings and Cryptocurrencies
- Use of Margin Loans
- Securities Backed Lines of Credit
- Market Manipulation
- Best Execution
- Reg SHO
- Fixed Income Data Integrity
- Correlated Options Products
- Market Access Compliance
- Alternative Trading System Surveillance

The Cook letter also lists several new rules being rolled out in 2018. The topics include:

- Financial Exploitation of Specified Adults
- Amendments to FINRA Rule 4512 (Customer Account Information)
- The FinCEN Customer Due Diligence Rule (CDD Rule)
- Amendments to FINRA Rule 2232 (Customer Confirmations)
- Margin Requirements for Covered Agency Transactions (Amendments to FINRA Rule 4210)
- Consolidated FINRA Registration Rules

It is well worth reading and absorbing the content of the Priorities Letter, sooner rather than later.

Please contact us with any questions.

Here's to a successful 2018.

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