

Index

ACCOUNTANTS

Recordkeeping and financial reporting, standards and qualifications, **6:8**

ACCOUNT EXECUTIVES

Recovery of up front compensation from, **15:8**

ACCOUNTS AND ACCOUNTING

Net capital requirements, subsidiaries—Appendix C, **4:34**

Wrap accounts. See **Wrap Accounts** (this index)

ADHESION CONTRACTS

Arbitration, **12:16**

ADVERTISING AND ADVERTISEMENTS

Supervision of public communications, **11:17.10, 11:17.20**

AFFILIATES

Net capital requirements, accounting—Appendix C, **4:34**

AGENTS AND AGENCY

Clearing and settlement. See **Clearing and Settlement** (this index)

Net capital requirements, role of rating agencies in computations, **4:22.50**

AGGREGATE INDEBTEDNESS

Net capital requirements, **4:6**

AIDING AND ABETTING

Supervisors, liabilities, **11:11, 11:11.50**

AIG

Early Twentieth Century, **2A:17**

ALL OR NONE OFFERINGS

Trading practices, **9:15**

ALTERNATIVE NET CAPITAL REQUIREMENT

Generally, **4:5**

ALTERNATIVE TRADING SYSTEM RULES

Electronic communication networks (ECNs), **3:5**

AMERICAN BEGINNINGS

History of broker-dealer operations, **1:3**

AMERICAN INTERNATIONAL GROUP

Subprime lending, early Twentieth Century, **2A:17**

ANALYSTS

Supervision requirements, **11:6.50**

ANNUAL REPORT

Recordkeeping and financial reporting, **6:6**

ANNUITIES

Sales practices, variable annuity switching, **10:24.50**

ARBITRATION

Generally, **12:1 to 12:34**

Adhesion contracts, **12:16**

Arbitrable matters, **12:22**

Attorneys' fees, **12:30**

Bias of program, unenforceability claim based on, **12:18**

Class actions, **12:11**

Collateral estoppel, **12:5**

Commodity Exchange Act (CEA), **12:29**

Court orders compelling or denying arbitration or staying judicial proceedings, **12:7**

Disclosures required, **12:21**

Discovery, **12:22.50**

Dodd-Frank Act provisions, **12:14.50**

Employment disputes, **15:6**

Enforcement

Bias of program, unenforceability claim based on, **12:18**

Factors affecting, **12:9**

Fraud, unenforceability claim based on, **12:19**

Predispute arbitration clauses, **12:14, 12:14.50**

Unenforceability, claims of, **12:18, 12:19**

Factors affecting enforcement of, **12:9**

Federal and state claims, arbitrability of, **12:4**

Federal Arbitration Act, **12:2**

FINRA Arbitration Program, **12:23**

Fraud, unenforceability claim based on, **12:19**

Insurance claims, **12:12.50**

Interpretation, rules of contract, **12:17**

Judicial review, **12:10**

Limitations period, **12:22**

Municipal securities, **12:12**

Parallel proceedings, **12:22**

Predispute arbitration clauses, **12:14, 12:14.50**

Prejudgment attachment, **12:34**

Punitive damages, **12:32**

Res judicata, **12:5**

Sales practices, **10:11**

Securities professionals, **12:13**

Self regulatory organization rules, **12:20**

State claims, arbitrability of, **12:4**

Stay of proceedings, **12:6**

ARBITRATION—Cont'd

- Unenforceability, claims of, **12:18, 12:19**
- Waiver of rights, **12:8**
- Who decides, **12:15**

ASSOCIATED PERSON REGISTRATION

- Registration requirements, **3:6**

ATTACHMENT

- Arbitration, prejudgment attachment, **12:34**

ATTORNEYS

- Supervisors, attorneys as, **11:7**

ATTORNEYS' FEES

- Arbitration, **12:30**

AUDITS

- National Futures Association audits, registration requirements, **3:13**
- Recordkeeping and financial reporting, audit standards, **6:9**
- Trading practices, audit trail requirements, **9:16.50**

AUTOMATED TRADING SYSTEMS

- Recordkeeping and financial reporting, **6:12**

AUTOMATION ARRIVAL TO INDUSTRY

- Electronic communication networks (ECNs), **14:5**
- Futures industry, **14:3**
- Securities industry, **14:4**

BACKGROUND CHECKS

- FINRA testing and background checks, **3:12**
- NFA registration requirements, **3:13**

BAILOUT PROGRAMS

- Early Twentieth Century, **2A:18**

BALANCE

- Protection and use of customer funds, customer free credit balances, **5:2**

BANKS AND FINANCIAL INSTITUTIONS

- As to particular matters, see more specific entries throughout this index
- Blurring of brokerage and banking, 1980s, **2:20**
- Money laundering, **7:3**
- Supervision requirements, investment banking, **11:6.50**

BARS, SUPERVISORY

- Generally, **11:8**

“BASIC” METHOD

- Net capital requirements, SEC requirements under “basic” method, **4:4**

BEST EXECUTION CONCERNS

- Trading practices, **9:2**

BIAS

- Arbitration, unenforceability, **12:18**

BINARY OPTIONS

- Swaps, regulation of, **14A:5**

BIT COINS

- Swaps, regulation of, **14A:5**

BORROWED SECURITIES

- Net capital requirements, definitions, **4:18**

BREACH OF FIDUCIARY DUTY

- Sales practices, **10:29**

BREAKPOINT

- Sales practices, mutual fund breakpoints, **10:24**

BROKER-DEALER “LITE” REGISTRATION

- Generally, **3:9**

BROKER-DEALER “LITE” REGULATION

- Generally, **2:42**

BUCKET SHOPS

- History of broker-dealer operations, **1:12**

BULLETIN BOARDS

- Supervision of public communications, **11:17.10**

BUY-OUT BOOM

- 1980s, buy-out boom and demise of junk bonds, **2:29**

CAPITAL REQUIREMENTS

- See **Net Capital Requirements** (this index)

CASE LAW

- Money laundering, **7:4**
- Stock and commodity exchange data fees, **13A:10, 13A:11**

CFTC

- Electronic communication networks (ECNs), OTC derivatives, **13:7**
- Net capital requirements, **4:41 et seq., 6:24**
- Over-the-counter swaps, regulation, **14A:2**
- Protection and use of customer funds, CFTC segregation requirements, **5:8**
- Recordkeeping requirements. See **Recordkeeping and Financial Reporting** (this index)
- Registration of industry participants by National Futures Association, **3:13**
- Restructured regulatory system, **2:43**
- Risk-based net capital proposal, **4:41.50 et seq.**
- Sales practices. See **Sales Practices** (this index)
- Supervisory requirements. See **Supervision Requirements** (this index)

CHAT ROOMS

- Supervision of public communications, **11:17.10**

CHINESE WALL

Trading practices, **9:19**

CHURNING

Sales practices, **10:25, 10:25.50**

CIVIL RIGHTS AND DISCRIMINATION

Employment issues, **15:5**

CIVIL WAR

Ensuing age of speculation following, **1:5 to 1:15**

CLAIMS

Margin requirements, claims involving commodity margins, **8:23**

CLASS ACTIONS

Arbitration, **12:11, 12:23**

CLEARING AGENCIES

Generally, **13:3, 13:11**

See also **Clearing and Settlement** (this index)

CLEARING AND SETTLEMENT

Generally, **13:1 to 13:26**

Additional congressional review, **13:8**

Adoption of legislation, **13:4**

Advancing industry, **13:5**

Agents (transfer agents), **13:12, 13:13**

Clearing agencies, generally, **13:3, 13:11**

Clearing agency rules, litigation over, **13:21**

Clearing agents (transfer agents), **13:12, 13:13**

Clearing firm liability in futures industry, **13:23**

Clearing house regulation in futures industry, generally, **13:24**

Collateral management, **13:26**

Congressional review, **13:8**

Contract markets, **13:17**

Crash of 1987, **13:6**

Cross-market clearing and settlement, **13:18**

Evolution of clearing agencies, **13:3**

Fees, **13:9.50**

Firm liability, **13:22, 13:23**

Futures industry

Clearing firm liability, **13:23**

Regulation, generally, **13:24**

Government clearing agencies, **13:11**

Internal settlement and clearance, **13:14**

International settlement, **13:20**

Introduction, **13:1**

Legislation, generally, **13:2, 13:4**

Litigation over clearing agency rules, **13:21**

Management, collateral, **13:26**

Municipal securities, **13:10, 13:11**

1987 crash, **13:6**

Options clearing, **13:16**

OTC derivatives, **13:19**

Other payment and settlement systems, regulation, **13:25**

CLEARING AND SETTLEMENT—Cont'd

Over-the-counter derivatives, **13:19**

Prime brokers, **13:15**

Proxies, street name, **13:13**

Regulation of clearing house in futures industry, generally, **13:24**

Reporting, SEC staff report, **13:7**

Review by congress, **13:8**

SEC staff report, **13:7**

Securities firm liability, **13:22**

Staff report, **13:7**

Street name securities and proxies, **13:13**

Swap Clearing Facilities, **13:11.50**

T+3, settlement advances, **13:9**

Transfer agents, **13:12, 13:13**

COLLATERAL ESTOPPEL

Arbitration, **12:5**

COLLATERALIZED DEBT OBLIGATIONS (CDOs)

Subprime lending, **2A:16**

COLLATERALIZED LIABILITIES

Net capital requirements, definitions, **4:11**

COLLATERAL MANAGEMENT

Clearing and settlement, **13:26**

COMMERCIAL PAPER

Net capital requirements, definitions, **4:23**

COMMISSIONS

Sales practices, mutual fund breakpoints, **10:24**

COMMODITIES MARKETS

Generally as to commodity futures. See more specific entries throughout this index

Birth of, **1:4**

Futures markets. See entries throughout this topic; also see entries throughout this index

Margin requirements. See **Margin Requirements** (this index)

Net capital requirements, special rules—Appendix B, **4:33**

1970s, **2:18**

1980s, **2:21**

1990s, **2:35**

Regulatory era, **2:12, 2:18**

Stock and commodity exchange data fees, cases, **13A:11**

Trading practice restrictions, **9:17**

COMMODITY EXCHANGE ACT (CEA)

Adoption of, **2:10**

Arbitration, **12:29**

Sales Practices (this index)

Supervision Requirements (this index)

COMMODITY FUTURES

As to commodity futures, generally. See more specific entries throughout this index
See also **Commodities Markets** (this index)
Margin requirements. See **Margin Requirements** (this index)
Registration requirements, **3:10**
Stock and commodity exchange data fees, **13A:9**

COMMODITY FUTURES TRADING COMMISSION (CFTC)

See **CFTC** (this index)

COMMODITY MANIPULATIONS

Trading practices, **9:17.50**

COMMODITY OPTIONS MARGINS

Generally, **8:19, 8:20**

COMMODITY PRICE MANIPULATIONS

History of broker-dealer operations, **1:13**

COMMUNICATIONS

Electronic. See **Electronic Communications** (this index)
Networks (electronic). See **Electronic Communication Networks** (this index)
Supervision of. See **Supervision Requirements** (this index)

COMPENSATION

Recovery of up front compensation from account executives, **15:8**

COMPETITION

1970s, increased competition and pressure on brokerage firms, **2:17**

COMPUTATION

Net capital requirements. See **Net Capital Requirements** (this index)

CONCENTRATION CHARGES

Net capital requirements, undue concentration charges, **4:25**

CONFIRMATION

Recordkeeping and financial reporting, confirmation requirement, **6:13**

CONFLICTS OF ANALYSTS

Trading practices, **9:19**

CONGRESSIONAL REVIEW

Clearing and settlement, **13:8**

CONSOLIDATED SUPERVISED ENTITIES

Net capital requirements, consolidated supervised entities and risk based capital requirements, **4:42.50**

CONSTRUCTION AND INTERPRETATION

Arbitration, **12:17**

CONSTRUCTION AND INTERPRETATION

—Cont'd

Supervision, SEC interpretation of duty. See **Supervision Requirements** (this index)

CONTINUING EDUCATION

Supervision requirements, **11:23**

CONTRACT MARKETS

Clearing and settlement, **13:17**

CONTRACTUAL COMMITMENTS

Net capital requirements, definitions, **4:27**

CONTROLLING PERSON LIABILITY

Supervision requirements, **11:12, 11:12.25**

COURT ORDERS

Arbitration, **12:7**

CRASH OF 1929

History of broker-dealer operations, **1:20**

CRASH OF 1987

Ensuing regulatory concerns, **2:23, 2:24**

CREDIT BALANCES

Protection and use of customer funds, customer free credit balances, **5:2**

CREDIT CRUNCH

Early Twentieth Century, **2A:11**

CREDIT DEFAULT SWAP (CDS)

Subprime lending crisis, **2A:16**

CREDIT REGULATION

See **Margin Requirements** (this index)

CRISIS IN MARKET

Early Twentieth Century, **2A:14**

CROSS-MARGINING ISSUES

Generally, **8:19, 8:21**

CROSS-MARKET CLEARING AND SETTLEMENT

Generally, **13:18**

CRYPTO ASSETS

Electronic communication networks (ECNs), **14:8.50**

CUSTOMER FUNDS, PROTECTION AND USE

Generally, **5:1 to 5:11**
CFTC segregation requirements, **5:8**
Control requirements, **5:4**
Credit balances, customer free, **5:2**
Customer free credit balances, **5:2**
Introduction, **5:1**
Possession requirements, **5:4**
Reserve formula requirement, **5:5**
Rule 15c3-2 (17 C.F.R. § 240.15c3-2), **5:9**

CUSTOMER FUNDS, PROTECTION AND USE—Cont’d

Rule 15c3-3 (17 C.F.R. § 240.15c3-3), **5:3, 5:6**
 SEC hypothecation restrictions, **5:7**
 Single stock futures, **5:10**
 Swaps, **5:11**

CUSTOMER ORDERS

Trading practices, **9:6**

CUSTOMERS

Financial reports to, **6:7**
 Free credit balances, **5:2**
 Net capital requirements, customer debts, **4:9**
 Protection and use of funds. See **Customer Funds, Protection and Use** (this index)
 Solicitation of former, **15:7**

DAILY COMPUTATION

Recordkeeping and financial reporting, **6:23**

DATA FEES

See **Stock and Commodity Exchange Data Fees** (this index)

DAY TRADING

Margin requirements, **8:11**

DEBT SECURITIES

Net capital requirements, definitions, **4:24**

DECISIONS

Generally. See **Judicial Decisions** (this index)
 Sales practices, CFTC decisions, **10:15**
 Supervision requirements. See **Supervision Requirements** (this index)

DEDUCTIONS

Net capital requirements, “fails-to-deliver” deductions, **4:28**

DEFICITS

Net capital requirements, definitions, **4:13**

DEFINITIONS

Net capital requirements. See **Net Capital Requirements** (this index)

DELEGATION OF DUTY

Supervisory personnel, **11:4**

DERIVATIVES

See also **Over-the-Counter** (this index)
 Early Twentieth Century markets, **2A:6**
 Electronic communication networks (ECNs), **14:8, 14:9**
 Explosion of derivatives and jurisdictional conflicts, **2:22**
 Margin requirements, **8:22**
 Over-the-counter derivative investments
 Generally, **2:26**

DERIVATIVES—Cont’d

Over-the-counter derivative investments—Cont’d
 See also **Over-the-Counter (OTC)** (this index)
 Registration requirements, **3:10**
 Supervisors, liabilities. See **Supervision Requirements** (this index)

“DIFFERENCE” TRADING

History of broker-dealer operations, **1:11**

DISCHARGE FROM EMPLOYMENT

Generally, **15:1, 15:2**

DISCIPLINARY ACTIONS

Registration requirements, **3:3**
 Sales practices, disciplinary actions in suitability cases, **10:9**

DISCLOSURES

Arbitration, **12:21**
 Mutual fund breakpoints, **10:24**
 Supervision of public communications, **11:17.10**

DISCOVERY

Arbitration, **12:22.50**

DISCRETION

Sales practices, **10:21.50**

DISCRIMINATION CLAIMS

Employment issues, **15:5**

DISTRIBUTION CONCERNS

Trading practices, **9:16**

DODD-FRANK ACT OF 2010

Arbitration, **12:14.50**
 Early Twentieth Century, **2A:19**
 Over-the-counter swaps regulation, **14A:1**
 Trading practices, **9:17.80**

DO NOT CALL REGISTRY

Sales practices, **10:33**

EARLY 1970S

Generally, **2:15**

“EARLY WARNING” NOTICE

Net capital requirements, capital withdrawals, **4:37 to 4:39**

ECNS

See **Electronic Communication Networks (ECNs)** (this index)

EDUCATION

Supervision requirements, continuing education, **11:23**

ELECTRONIC COMMUNICATION NETWORKS (ECNs)

Generally, **14:1 to 14:14**

ELECTRONIC COMMUNICATION

NETWORKS (ECNs)—Cont'd

Arrival of automation, **14:3, 14:4**
 Arrival of ECNs, **14:5**
 Automation in futures industry, **14:3**
 Automation in securities industry, **14:4**
 Background, **14:1**
 Crypto Assets, **14:8.50**
 Derivative markets, **14:9**
 Fees, **14:12**
 Financial market fees, **14:12**
 Frequency of trading, **14:14**
 Growth of, **14:2**
 High frequency trading, **14:14**
 Markets, regulatory challenges, **14:9, 14:10**
 Nasdaq response, **14:6**
 NYSE response, **14:6**
 Pros and cons, **14:11**
 Regulation of ECNs, **14:7, 14:8, 14:13**
 Regulation of markets, **14:9, 14:10**
 Response to ECNs, **14:6**
 Securities industry, **14:4, 14:7**
 Securities markets, **14:10**

ELECTRONIC COMMUNICATIONS

Networks. See **Electronic Communication Networks** (this index)
 Sales practices, **10:5, 10:6**
 Supervision requirements, **11:17.10, 11:18**

ELECTRONIC TRADING SYSTEMS

1990s, **2:44**
 Platforms, registration requirements, **3:4.50**
 Supervision requirements, **11:20.50**

EMBARGO

Money laundering, monetary controls, **7:6**

EMPLOYEE RAIDS

Employment issues, **15:7**

EMPLOYMENT ISSUES

As to supervisory matters. See **Supervision Requirements** (this index)
 Generally, **15:1 to 15:9**
 Account executives, recovery of up front compensation from, **15:8**
 Arbitration. See **Arbitration** (this index)
 Compensation, recovery of up front compensation from account executives, **15:8**
 Discharge from employment, **15:1, 15:2**
 Discrimination claims, **15:5**
 Employee indemnifications, **15:9**
 Employee raids, **15:7**
 Former customers, solicitation of, **15:7**
 Indemnifications, employee, **15:9**
 Libel, **15:3**
 Privacy claims, **15:4**

EMPLOYMENT ISSUES—Cont'd

Recovery of up front compensation from account executives, **15:8**
 Sexual harassment, **15:5**
 Slander, **15:3**
 Solicitation of former customers, **15:7**
 Standards for terminating employment, **15:2**
 Supervision requirements. See **Supervision Requirements** (this index)
 Termination from employment, **15:1, 15:2**
 Whistle blowing, **15:4**

ENERGY MARKET MANIPULATIONS

Trading practices, **9:17.70**

ENFORCEMENT

Arbitration. See **Arbitration** (this index)
 Margin requirements, **8:9**
 Net capital rule, case law under, **4:40**
 Recordkeeping and financial reporting, enforcement proceedings under Rule 17a-5, **6:10**

ENGLAND

United Kingdom, Financial Services Authority of, **16:2**

ENRON CORP.

Early Twentieth Century, **2A:3**

ENTERTAINMENT

Sales practices, abuses, **10:32.50**

EUROPEAN EXPERIENCE

Generally, **1:2**

EUROPEAN UNION

International law and related matters, **16:5**

EXAMINATIONS

Risk management and compliance, yearly compliance examination for broker-dealers, **11:2.50**

EXEMPTIONS

Net capital requirements. See **Net Capital Requirements** (this index)
 Registration requirements, **3:7**

EXPLOSION OF DERIVATIVES

1980s, jurisdictional conflicts, **2:22**

EXTENSION REQUESTS

Margin requirements, extension requests under Regulation T, **8:6**

“FABULOUS FIFTIES”

Regulatory era, **2:13**

“FAILS-TO-DELIVER” DEDUCTIONS

Net capital requirements, definitions, **4:28**

FAILURE OF FINANCIAL FIRMS

Early Twentieth Century, **2A:13**

FEDERAL ARBITRATION ACT

Arbitration, **12:2**

FEDERAL REGULATION OR LAWS

Generally, **2:11, 2:12**

See also **Regulatory Era** (this index)

Margin requirements. See **Margin Requirements** (this index)

Supervision of broker-dealers and industry. See **Supervision Requirements** (this index)

FEDERAL RESERVE BOARD

Margin controls, Board's review of need for, **8:17**

FEES

Clearing fees, **13:9.50**

Electronic communication networks (ECNs), financial market fees, **14:12**

Stock and commodity exchange data fees, **13A:1 to 13A:11**

FIDUCIARY DUTY

Sales practices, **10:21.50, 10:28, 10:29**

FINANCIAL CRISIS INQUIRY COMMISSION

Early Twentieth Century, **2A:20**

FINANCIAL INSTITUTIONS

Generally. See **Banks and Financial Institutions**; as to particular matters, see more specific entries throughout this index

FINANCIAL MARKETS

Fees, electronic communication networks (ECNs), **14:12**

Internationalization of in 1980s, **2:31**

FINANCIAL REPORTING

See **Recordkeeping and Financial Reporting** (this index)

FINANCIAL SCANDALS

Enron Corp., **2A:3**

FINANCIAL SERVICES AGENCY OF JAPAN

Generally, **16:3**

FINANCIAL SERVICES AUTHORITY OF U.K.

Generally, **16:2**

FINDERS FEES

Registration requirements, **3:5**

FINGERPRINTING

Recordkeeping and financial reporting, fingerprinting requirements under Rule 17f-2, **6:17**

FINRA ARBITRATION PROGRAM

Potential class action, **12:23**

FINRA TESTING

Background checks, **3:12**

FIRM LIABILITY

Clearing and settlement, **13:22, 13:23**

FLOOR TRADING

Trading practices, **9:8**

FOCUS REPORT

Recordkeeping and financial reporting, **6:5**

FOREIGN BROKER-DEALERS

Registration requirements, **3:8**

FOREIGN EXCHANGE (FOREX)

Capital requirements, retail foreign exchange dealers, **4:45**

Registrar issues, **3:11.20**

FORMER CUSTOMERS

Solicitation of, **15:7**

FRAUD OR MISREPRESENTATION

Arbitration, **12:19**

Early Twentieth Century, **2A:15**

NFA promotional material requirements, **11:17.20**

Sales practices, **10:27 to 10:29**

FREE SHIPMENTS

Net capital requirements, definitions, **4:15**

FUTURES

Electronic communication networks (ECNS), **14:3**

Recordkeeping and financial reporting, **6:26**

FUTURES MARKETS

As to particular matters, see more specific entries throughout this index

Clearing agencies or houses. See **Clearing and Settlement** (this index)

Margin requirements. See **Margin Requirements** (this index)

GERMANY

International law and related matters, **16:4**

GLASS-STEAGALL ACT

New Deal legislation, **2:3**

Repeal of, **2:45**

"GO-GO" YEARS

1960s, **2:14**

GOVERNMENT BAILOUT PROGRAMS

Early Twentieth Century, **2A:18**

Subprime lending, **2A:18**

GOVERNMENT SECURITIES

Net capital requirements, definitions, **4:21**

1980s, need for increased regulation, **2:25**

GRAIN FUTURES ACT

History of broker-dealer operations, **1:18**

GREAT CRASH

History of broker-dealer operations, **1:20**

GREEDY 1980S

See **1980s** (this index)

GROWTH IN BROKERAGE INDUSTRY AND MARKETS

1980s, **2:21**

1990s, **2:39 to 2:41**

GROWTH OF ELECTRONIC COMMUNICATION NETWORKS

Generally, **14:2**

HEDGE FUNDS

Supervision requirements, **11:21.50**

HIGH FREQUENCY TRADING

Electronic communications networks (ECNs), **14:14**

Risk management requirements, **11:6.70**

HISTORY OF BROKER-DEALER OPERATIONS

Generally, **1:1 to 1:20, 2A:1 to 2A:21**

AIG debacle, **2A:17**

American beginning, **1:3**

Bucket shops, **1:12**

Civil War and ensuing age of speculation, **1:5 to 1:15**

Close of 19th century, **1:15**

Commodity futures market, birth of, **1:4**

Commodity price manipulations, **1:13**

Credit crunch at beginning of Twentieth Century, **2A:11**

Crisis in market of early Twentieth Century, **2A:14**

Derivative markets of early Twentieth Century, **2A:6**

“Difference” trading, **1:11**

Dodd-Frank Act of 2010, **2A:19**

Early Twentieth Century, **2A:1 to 2A:21**

Enron Corp. and financial scandals, **2A:3**

European experience, **1:2**

Failure of financial firms in early Twentieth Century, **2A:13**

Financial Crisis Inquiry Commission, **2A:20**

Government bailout programs, **2A:18**

Grain Futures Act, **1:18**

Great crash and aftermath, **1:20**

Growth in subprime lending, **2A:16**

Lehman Brothers, **2A:12**

Madoff and other frauds, **2A:15**

Market adjustments in early Twentieth Century, **2A:4**

Market changes at beginning of Twentieth Century, **2A:9**

HISTORY OF BROKER-DEALER OPERATIONS—Cont’d

Market competition in early Twentieth Century, **2A:1**

Market events of early Twentieth Century, **2A:21**

Market recovery at beginning of Twentieth Century, **2A:8**

Mutual fund scandals of early Twentieth Century, **2A:7**

New York Stock Exchange, **1:7, 2A:5**

Panic in securities markets, **1:14**

Post-Civil War, **1:8**

Puts and calls, **1:6**

Regulatory consolidation in early Twentieth Century, **2A:10**

Roaring Twenties, **1:19**

Robber Barons, **1:10**

September 11, **2A:2**

Speculation in futures markets, **1:9**

Subprime lending crisis, **2A:11, 2A:16 to 2A:21**

Subprime lending growth, **2A:16**

Turn of century (19th to 20th), **1:16**

Twentieth Century begins, **2A:1 to 2A:21**

World War I and finance, **1:17**

HOT ISSUE

Trading practices, **9:16**

HUMAN RESOURCES

Supervision. See **Supervision Requirements** (this index)

HYPOTHECATION RESTRICTIONS

SEC hypothecation restrictions, protection and use of customer funds, **5:7**

IDENTITY THEFT CONTROLS

Money laundering, **7:7**

ILLIQUID SECURITIES

Net capital requirements, definitions, **4:26**

INCLUDIBLE RECEIVABLES

Net capital requirements, definitions, **4:16**

INDEMNITY AND INDEMNIFICATION

Employee indemnifications, **15:9**

INDEPENDENT CONTRACTORS

Supervision requirements, **11:21**

INSIDER TRADING SCANDALS

1980s, **2:28**

INSPECTIONS

Recordkeeping and financial reporting, **6:3**

INSTITUTIONAL CLIENTS

Sales practices, suitability requirements, **10:4**

INSURANCE

Arbitration, **12:12.50**

INDEX

INSURANCE—Cont'd

Sales practices, insurance product suitability,
10:12.50

INTERNAL SETTLEMENT

Clearing and settlement, **13:14**

INTERNATIONAL LAW AND RELATED MATTERS

Generally, **16:1 et seq.**

Clearing and settlement, **13:20**

England, **16:2**

European Union, **16:5**

Financial Services Agency of Japan, **16:3**

Financial Services Authority of U.K., **16:2**

Germany, **16:4**

Introduction, **16:1**

Japan, Financial Services Agency of, **16:3**

Money laundering, **7:5**

Mutual recognition, **16:7**

Net capital requirements, international net
capital, **4:43**

1980s, internationalization of financial markets,
2:31

1990s, reforms of, **2:38**

United Kingdom, Financial Services Authority
of, **16:2**

United States, regulatory reform, **16:6**

INTERNET

1990s, arrival of internet, **2:40**

Supervision of public communications, **11:17.10**

Swaps, bit coins and binary options, **14A:5**

INVESTED CUSTOMER FUNDS

Protection of. See **Customer Funds, Protection
and Use** (this index)

INVESTMENT ADVISERS

Registration requirements, **3:8.50**

Supervision requirements, **11:6.80**

INVESTMENT ADVISERS ACT OF 1940

New Deal legislation, **2:9**

INVESTMENT BANKING ACTIVITIES

Supervision requirements, **11:6.50**

INVESTMENT COMPANY ACT OF 1940

New Deal legislation, **2:8**

JAPAN

Financial Services Agency of Japan, **16:3**

JOINT BACK OFFICE ARRANGEMENTS

Margin requirements, **8:10**

Net capital requirements, **4:35**

JUDICIAL DECISIONS

Registration requirements, **3:2**

JUDICIAL DECISIONS—Cont'd

Sales practices, judicial decisions on suitability
under Commodity Exchange Act, **10:16**

Supervisory requirements. See **Supervision
Requirements** (this index)

JUDICIAL ENFORCEMENT

Net capital rule, case law under, **4:40**

JUDICIAL REVIEW

Arbitration, **12:10**

JUNK BONDS

1980s, buy-out boom and demise of junk bonds,
2:29

JURISDICTIONAL CONFLICTS

1980s, explosion of derivatives, **2:22**

LABOR AND EMPLOYMENT

See **Employment Issues** (this index)

LARGE TRADER REPORTING SYSTEMS

Recordkeeping and financial reporting, **6:18**

LATE TRADING

Sales practices, late trading and market timing,
10:24.60

LEGISLATION AND LEGISLATIVE PROPOSALS

Clearing and settlement. See **Clearing and
Settlement** (this index)

Money laundering, **7:2**

LEHMAN BROTHERS

Early Twentieth Century, **2A:12**

LEVERAGE RATIOS

Net capital requirements, **4:42.60**

LIBEL AND SLANDER

Employment issues, **15:3**

LIMITATIONS AND RESTRICTIONS

Commodity futures trading practice restrictions,
9:17

Net capital requirements, limitations on capital
withdrawals, **4:37 to 4:39**

Supervision requirements, limitations on
telemarketing practices, **11:17**

LIMITATIONS PERIOD

Arbitration, **12:22**

LIQUIDITY

Net capital requirements, illiquid securities—
definitions, **4:26**

“LITE” REGISTRATION

Registration requirements, **3:9**

“LITE” REGULATION

Generally, **2:42**

LITIGATION

Clearing and settlement, litigation over clearing agency rules, **13:21**

LOANED SECURITIES

Net capital requirements, definitions, **4:14**

LOST AND STOLEN SECURITIES PROGRAM

Recordkeeping and financial reporting, **6:16**

MADOFF AND OTHER FRAUDS

Early Twentieth Century, **2A:15**

MANAGERS

Clearing and settlement, collateral management, **13:26**

Supervision requirements, supervision of portfolio managers, **11:6**

MANIPULATION

Trading Practices (this index)

MARGIN REQUIREMENTS

Generally, **8:1 to 8:24**

Background, **8:1 to 8:3**

Changing nature of futures markets, **8:16 to 8:18**

Claims involving commodity margins, **8:23**

Commodity margins and markets

Claims involving commodity margins, **8:23**

Futures margins. Futures margins and markets, below

Commodity options margins, **8:19, 8:20**

Controls, Securities Exchange Act, **8:2**

Credit regulation. See entries throughout this topic

Cross-margining issues, **8:19, 8:21**

Day trading, **8:11**

Derivative dealers, over-the-counter, **8:22**

Enforcement issues, **8:9**

Exchange maintenance margin requirements, Regulation T, **8:6**

Extension requests, Regulation T, **8:6**

Federal Reserve Board's review of need for margin controls, **8:17**

Federal securities laws, generally, **8:4 to 8:11**

Futures margins and markets

Generally, **8:14 et seq.**

Commodity futures margins, generally, **8:14**

Federal Reserve Board's review of need for margin controls, **8:17**

1987 crash, **8:18**

Reexamination of margins issue, changing nature of futures markets, **8:16 to 8:18**

Stock futures margins, **8:24**

History, **8:1 to 8:3**

Joint back office arrangements, **8:10**

1987 crash, **8:18**

Options, **8:19, 8:20**

MARGIN REQUIREMENTS—Cont'd

Over-the-counter derivative dealers, **8:22**

Private rights of action for violations, **13:13**

Reexamination of margins issue, changing nature of futures markets, **8:16 to 8:18**

Regulation T (12 C.F.R. Part 220)

Generally, **8:5**

Extension requests and exchange maintenance margin requirements, **8:6**

Rule 10b-16 (17 C.F.R. § 240.10b-16), **8:7**

Rule 15c2-5 (17 C.F.R. § 240.15c2-5), **8:12**

§ 11(d)(1) of Securities Exchange Act, **8:8**

Securities Exchange Act of 1934

Controls, **8:2**

§ 11(d)(1), **8:8**

Securities options, **8:19**

Subsequent events in securities markets, **8:3**

Swaps margins, **8:25**

MARKET ADJUSTMENTS

Early Twentieth Century, **2A:4**

MARKET CHANGES

Early Twentieth Century, **2A:9**

MARKET COMPETITION

Early Twentieth Century, **2A:1**

MARKET EVENTS

Early Twentieth Century, **2A:21**

MARKET FEES

ECNs, **14:12**

MARKET MAKING ACTIVITIES

Trading practices, **9:1, 9:3**

MARKET RECOVERY

Early Twentieth Century, **2A:8**

MARKET TIMING

Sales practices, late trading and market timing, **10:24.60**

MARKUPS

Sales practices, **10:23**

MISREPRESENTATIONS

Sales practices, **10:27 to 10:29**

MONETARY CONTROLS

Money laundering, **7:6**

MONEY LAUNDERING

Generally, **7:1 to 7:7**

Background, **7:1**

Cases, **7:4**

Embargo, **7:6**

Financial institutions, **7:3**

Identity theft controls, **7:7**

International, **7:5**

MONEY LAUNDERING—Cont'd

- Legislation, 7:2
- Monetary controls, 7:6

MONTHLY “POINT BALANCE”

- Recordkeeping and financial reporting, 6:23

MUNICIPAL SECURITIES

- Arbitration, 12:12
- Clearing and settlement, 13:10, 13:11
- Net capital requirements, definitions, 4:22

MUTUAL FUND REGULATION

- Breakpoints, switching and commissions, 10:24
- Early Twentieth Century scandals, 2A:7
- Sales practices, 10:24, 10:24.50, 10:24.55, 10:24.60
- Scandals, 2A:7
- Supervision requirements, 11:6.50

MUTUAL RECOGNITION

- International law and related matters, 16:7

NASDAQ

- Electronic communication networks (ECNs), 14:6

NATIONAL FUTURES ASSOCIATION (NFA)

- See **NFA** (this index)

NATIONAL MARKET SYSTEM (NMS)

- Data Dissemination requirements, 13A:5
- Data sharing requirements, 13A:6

NEGLIGENCE

- Sales practices, 10:28

NET CAPITAL REQUIREMENTS

- Generally, 4:1 to 4:44
- Additional computation problems, definitions, 4:30
- Affiliates, accounting—Appendix C, 4:34
- Aggregate indebtedness, 4:6
- Alternative net capital requirement, 4:5
- Appendices A and B
 - Generally, 4:31 to 4:33
 - Commodities, special rules—Appendix B, 4:33
 - Options, special rules—Appendix A, 4:32
- Appendix C, accounting for subsidiaries and affiliates, 4:34
- Appendix D, inclusion of subordinated indebtedness, 4:36
- Background, 4:2
- Borrowed securities, definitions, 4:18
- CFTC notices for failure to meet, 6:24
- CFTC requirements, 4:41 et seq., 4:42
- Collateralized liabilities, definitions, 4:11
- Commercial paper, definitions, 4:23
- Commodities, special rules—Appendix B, 4:33

NET CAPITAL REQUIREMENTS—Cont'd

- Computation
 - Basics of, 4:7
 - Problems, generally, 4:30
 - Rating agencies, role of, 4:22.50
- Concentration charges, undue, 4:25
- Consolidated supervised entities and risk based capital requirements, 4:42.50
- Contractual commitments, definitions, 4:27
- Customer debts, definitions, 4:9
- Debt securities, definitions, 4:24
- Deductions, “fails-to-deliver” deductions, 4:28
- Deficits, definitions, 4:13
- Definitions, 4:7 to 4:30
- “Early warning” notice requirements, capital withdrawals, 4:37 to 4:39
- Enforcement, case law under net capital rule, 4:40
- Exemptions and exclusions
 - Net capital rule, 4:4
 - Receivables to be excluded, 4:12
- “Fails-to-deliver” deductions, definitions, 4:28
- Free shipments, definitions, 4:15
- Government securities, definitions, 4:21
- History, 4:2
- Illiquid securities, definitions, 4:26
- Includible receivables, definitions, 4:16
- International net capital, 4:43
- Introduction, 4:1
- Joint back office arrangements, 4:35
- Judicial enforcement, case law under net capital rule, 4:40
- Leverage ratios, 4:42.60
- Limitations on capital withdrawals, 4:37 to 4:39
- Liquidity of securities, 4:26
- Loaned securities, definitions, 4:14
- Municipal securities, definitions, 4:22
- Notice requirements
 - CFTC notices for failure to meet net capital requirements, recordkeeping and financial reporting, 6:24
 - “Early warning” notice requirements for capital withdrawals, 4:37 to 4:39
- Options
 - Specialists, definitions, 4:29
 - Special rules for options, Appendix A, 4:32
- Options specialists, definitions, 4:29
- Other adjustments, definitions, 4:10
- Parking, definitions, 4:20
- Prime brokers, 4:42.70
- Proprietary positions, definitions, 4:19
- Rating agencies in computations, role of, 4:22.50
- Receivables
 - Exclusions, 4:12
 - Includible receivables, 4:16
- Receivables to be excluded, 4:12

NET CAPITAL REQUIREMENTS—Cont'd

- Recordkeeping and financial reporting, **6:24**
- Repos, definitions, **4:17**
- Retail foreign exchange dealers, **4:45**
- Reverse repos, definitions, **4:17**
- Risks, **4:41.50 et seq.**
- Rule 17h-1t (17 C.F.R. § 240.17h-1t), capital withdrawals, **4:38**
- Rule 17h-2t (17 C.F.R. § 240.17h-2t), capital withdrawals, **4:38**
- SEC requirements under “basic” method, **4:4**
- Special rules for certain commodities, Appendix B, **4:33**
- Special rules for options, Appendix A, **4:32**
- State requirements, **4:3**
- Subordinated indebtedness, Appendix D, **4:36**
- Subsidiaries, accounting—Appendix C, **4:34**
- Supervision, consolidated supervised entities and risk based capital requirements, **4:42.50**
- Swaps, **4:29.50, 4:44**
- Tax claims and liabilities, definitions, **4:8**
- Undue concentration charges, definitions, **4:25**
- Withdrawals, limitations on capital withdrawals, **4:37 to 4:39**

NEW DEAL LEGISLATION

- Generally, **2:2 to 2:9**
- Glass-Steagall Act, **2:3**
- Investment Advisors Act of 1940, **2:9**
- Investment Company Act of 1940, **2:8**
- Public Utility Holding Company Act of 1935, **2:6**
- Regulation prior to, **2:1**
- Securities Act of 1933, **2:4**
- Securities Exchange Act of 1934, **2:5**
- Trust Indenture Act of 1939, **2:7**

NEW YORK STOCK EXCHANGE

- Early Twentieth Century, **2A:5**
- Electronic communication networks (ECNs), **14:6**
- History of broker-dealer operations, **1:7**

NFA

- Promotional material requirements, **11:17.20**
- Registration of industry participants with CFTC, **3:13**
- Sales practices, **10:19**

1929, CRASH OF

- History of broker-dealer operations, **1:20**

1950s

- Regulatory era (“fabulous fifties”), **2:13**

1960s

- Regulatory era, the “go-go” years, **2:14**

1970s

- Generally, **2:15 to 2:18**

1970s—Cont'd

- Commodities markets during, **2:18**
- Early 1970s, **2:15**
- Increased competition and pressure on brokerage firms, **2:17**
- New era, beginning of, **2:15**
- Securities Exchange Act Amendments of 1975, **2:16**

1980s

- Generally, **2:19 to 2:32**
- Aftermath of 1987 crash, **2:24**
- Banking and brokerage, blurring of, **2:20**
- Buy-out boom and demise of junk bonds, **2:29**
- Changes in brokerage industry, generally, **2:30**
- Commodities markets, **2:21**
- Crash of 1987. See **1987, Crash of** (this index)
- Derivatives
 - Jurisdictional conflicts, explosion of derivatives and, **2:22**
 - Over-the-counter derivative investments, **2:26**
- Explosion of derivatives and jurisdictional conflicts, **2:22**
- Government securities, need for increased regulation, **2:25**
- Greed. See entries throughout this topic
- Growth of commodities markets, **2:21**
- Insider trading scandals, **2:28**
- Internationalization of financial markets, **2:31**
- Junk bonds, buy-out boom and demise of, **2:29**
- Jurisdictional conflicts, explosion of derivatives and, **2:22**
- 1987 crash. See **1987, Crash of** (this index)
- Over-the-counter derivative investments, **2:26**
- Problems in brokerage industry, generally, **2:27**
- “Scandal in the pits,” **2:32**

1987, CRASH OF

- Clearing and settlement, **13:6**
- Ensuing regulatory concerns, **2:23, 2:24**
- Margin controls, Federal Reserve Board’s review for need of, **8:18**

1990s

- Generally, **2:33 et seq.**
- Broker-dealer “lite” regulation, **2:42**
- CFTC restructured regulatory system, **2:43**
- Close of 20th century, **2:41**
- Commodities markets, **2:35**
- Continued growth in brokerage industry, **2:39 to 2:41**
- Electronic trading, **2:44**
- Glass-Steagall Act, repeal of, **2:45**
- Growth in brokerage industry, **2:39 to 2:41**
- International reforms, **2:38**
- Internet, arrival of, **2:40**
- “Lite” regulation, **2:42**

INDEX

1990s—Cont'd

- Penny stock scandals and regulatory reforms, **2:34**
- Problems in brokerage industry, generally, **2:36**
- Repeal of Glass-Steagall Act, **2:45**
- Technology, catching up with, **2:37**
- Trends of early 1990s, **2:33**

2000s

- Generally, **2A:1 to 2A:21**
- AIG debacle, **2A:17**
- Credit crunch, **2A:11**
- Crisis in market, **2A:14**
- Derivative markets, **2A:6**
- Dodd-Frank Act of 2010, **2A:19**
- Early Twentieth Century, **2A:1 to 2A:21**
- Enron Corp. and financial scandals, **2A:3**
- Failure of financial firms, **2A:13**
- Financial Crisis Inquiry Commission, **2A:20**
- Government bailout programs, **2A:18**
- Lehman Brothers, **2A:12**
- Madoff and other frauds, **2A:15**
- Market adjustments, **2A:4**
- Market changes, **2A:9**
- Market competition, **2A:1**
- Market events, **2A:21**
- Market recovery, **2A:8**
- Mutual fund scandals, **2A:7**
- New York Stock Exchange problems, **2A:5**
- Regulatory consolidation, **2A:10**
- September 11, **2A:2**
- Subprime lending crisis, **2A:11, 2A:16 to 2A:21**
- Subprime lending growth, **2A:16**
- Twentieth Century begins, **2A:1 to 2A:21**

NOTICES

- Net capital requirements. See **Net Capital Requirements** (this index)

OFFERINGS

- Trading practices, all or none offerings, **9:15**

OPTIONS

- Margin requirements, securities and commodity options, **8:19, 8:20**
- Sales practices, commodity option requirements under CFTC, **10:20**

OPTIONS CLEARING

- Clearing and settlement, **13:16**

OPTIONS SPECIALISTS

- Net capital requirements, definitions, **4:29**

ORDER FLOW

- Trading practices, payments for order flow, **9:4**

OTC

- See **Over-the-Counter** (this index)

OVER-THE-COUNTER (OTC)

- Clearing and settlement, derivatives, **13:19**
- Foreign Exchange (Forex)** (this index)
- Margin requirements, derivative dealers, **8:22**
- 1980s, over-the-counter derivative investments, **2:26**
- Precious metals, over-the-counter sales, **14A:4**

PANIC

- History of broker-dealer operations, panic in securities markets, **1:14**

PARALLEL PROCEEDINGS

- Arbitration, **12:22**

PARKING

- Net capital requirements, definitions, **4:20**

PAYMENTS

- Trading practices, payments for order flow, **9:4**

PAY-TO-PLAY PRACTICES

- Trading practices, **9:18**

PENNY STOCKS

- Sales practices, suitability requirements, **10:8**

PENNY STOCK SCANDALS

- 1990s, regulatory reforms, **2:34**

PERSONNEL

- Supervision. See **Supervision Requirements** (this index)

“POINT BALANCE”

- Recordkeeping and financial reporting, **6:23**

PORTFOLIO MANAGERS

- Supervision of, **11:6**

POSSESSION

- Customer funds, protection and use, **5:4**

POST-CIVIL WAR

- History of broker-dealer operations, **1:8**

PRECIOUS METALS

- Over-the-counter sales, **14A:4**

PREJUDGMENT ATTACHMENT

- Arbitration, **12:34**

PRESENTATIONS

- Supervision of public communications, **11:17.10**

PRIME BROKERS

- Clearing and settlement, **13:15**
- Net capital requirements, **4:42.70**

PRIVACY CLAIMS

- Employment issues, **15:4**

PRIVACY REQUIREMENTS

- Recordkeeping and financial reporting, **6:25**

PRIVATE RIGHT OF ACTION

- Judicial decisions interpreting CFTC supervisory requirements, **11:16**
- Margin requirement violations, **8:13**
- Sales practices, **10:10**

PROPRIETARY POSITIONS

- Net capital requirements, definitions, **4:19**

PROTECTION OF CUSTOMER FUNDS

- See **Customer Funds, Protection and Use** (this index)

PROXIES

- Clearing and settlement, street name proxies, **13:13**

PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

- New Deal legislation, **2:6**

PUNITIVE DAMAGES

- Arbitration, **12:32**

PUTS AND CALLS

- History of broker-dealer operations, **1:6**

QUALIFICATION OR DISQUALIFICATION

- Recordkeeping and financial reporting, qualification and standards for accountants, **6:8**

QUARTERLY SECURITY COUNTS

- Recordkeeping and financial reporting, **6:11**

RACKETEERING

- Sales practices, **10:30**

RATING AGENCIES

- Net capital requirements, role of rating agencies in computations, **4:22.50**

REASONABLENESS

- Sales practices. See **Sales Practices** (this index)
- Supervisory duty under reasonableness standard, **11:25**

RECEIVABLES

- Net capital requirements. See **Net Capital Requirements** (this index)

RECORDKEEPING AND FINANCIAL REPORTING

- Generally, **6:1 to 6:26**
- Annual report, **6:6**
- Audit standards, **6:9**
- Automated trading systems, **6:12**
- CFTC financial reporting requirements, **6:19**
- CFTC month-end statements and confirmations, **6:21**
- CFTC notices for failure to meet net capital requirements, **6:24**
- CFTC recordkeeping requirements, **6:20**

RECORDKEEPING AND FINANCIAL REPORTING—Cont'd

- Confirmation requirement. See Rule 10b-10, below
- Customers, financial reports to, **6:7**
- Daily computation of segregated funds and records of investments, **6:23**
- Enforcement proceedings under Rule 17a-5, **6:10**
- Fingerprinting requirements, Rule 17f-2, **6:17**
- FOCUS report, **6:5**
- Futures, **6:26**
- Inspections
 - Authority under Rule 1.31, **6:22**
 - Retention and inspection requirements, Rule 17a-4, **6:3**
- Introduction, **6:1**
- Large trader reporting systems, **6:18**
- Lost and stolen securities program, **6:16**
- Monthly “point balance,” **6:23**
- Net capital requirements, CFTC notices for failure to meet, **6:24**
- Notice, CFTC notices for failure to meet net capital requirements, **6:24**
- “Point balance” (monthly), **6:23**
- Privacy requirements, **6:25**
- Qualification of accountants preparing financial reports, **6:8**
- Quarterly security counts, **6:11**
- Requirements, **6:1 et seq.**
- Retention requirements, **6:3**
- Rule 1.31 (17 C.F.R. § 1.31), books and recordkeeping requirements and inspection authority, **6:22**
- Rule 10b-10 (17 C.F.R. § 240.10b-10), confirmation requirement
 - Generally, **6:13 to 6:15**
 - Soft dollar practices, **6:14**
 - Wrap account reports, **6:15**
- Rule 17a-3 (17 C.F.R. § 240.17a-3), SEC’s principal recordkeeping provision, **6:2**
- Rule 17a-4 (17 C.F.R. § 240.17a-4), retention and inspection requirements, **6:3**
- Rule 17a-5 (17 C.F.R. § 240.17a-5)
 - Generally, **6:4 to 6:10**
 - Annual report, **6:6**
 - Audit standards, **6:9**
 - Customers, financial reports to, **6:7**
 - Enforcement proceedings under, **6:10**
 - FOCUS report, **6:5**
 - Qualification and standards for accountants preparing financial reports, **6:8**
- Rule 17a-13 (17 C.F.R. § 240.17a-13), quarterly security counts, **6:11**
- Rule 17f-1 (17 C.F.R. § 240.17f-1), lost and stolen securities program, **6:16**

RECORDKEEPING AND FINANCIAL REPORTING—Cont'd

- Rules 17f-2 (17 C.F.R. § 240.17f-2), fingerprinting requirements, **6:17**
- Soft dollar practices, **6:14**
- Standards
 - Accountants preparing broker-dealer financial reports, **6:8**
 - Audit standards, **6:9**
- Stock futures, **6:26**
- Stolen securities program, **6:16**
- Swaps, **6:27**
- Wrap account reports, **6:15**

RECOVERY

- Up front compensation from account executives, **15:8**

REFERRAL FEES

- Registration requirements, **3:5**

REGISTRATION REQUIREMENTS

- Generally, **3:1 to 3:13**
- Associated person registration, **3:6**
- Broker-dealer “lite” registration, **3:9**
- Commodity futures and derivatives, **3:10**
- Decisions, **3:2**
- Derivatives, **3:10**
- Disciplinary actions, **3:3**
- Electronic trading platforms, **3:4.50**
- Exemptions, **3:7**
- Finders fees, **3:5**
- Foreign broker-dealers, **3:8**
- Futures, **3:11, 3:13**
- Investment adviser registration, **3:8.50**
- Judicial decisions, **3:2**
- “Lite” registration, **3:9**
- NFA registration and audits, **3:13**
- Other issues, **3:7.50**
- Referral fees, **3:5**
- SEC no-action positions, **3:4**
- Supervision, unregistered persons, **11:22**
- Unregistered persons, **11:22**

REGULATION BEST INTEREST

- Generally, **10:13.50**

REGULATION FD

- Trading practices, **9:19**

REGULATION M

- Trading practices (17 C.F.R. Part 242), **9:12 to 9:14**

REGULATION T

- See **Margin Requirements** (this index)

REGULATORY CONSOLIDATION

- Early Twentieth Century, **2A:10**

REGULATORY ERA

- As to particular regulatory matters, see specific entries throughout this index
- Generally, **2:1 to 2:45**
- Broker-dealer “lite” regulation, **2:42**
- CFTC restructured regulatory system, **2:43**
- Commodities markets, **2:12, 2:18**
- Commodity Exchange Act, adoption of, **2:10**
- Electronic trading, **2:44**
- “Fabulous fifties,” **2:13**
- Federal regulation, generally, **2:11, 2:12**
- “Lite” regulation, **2:42**
- New Deal. See **New Deal Legislation** (this index)
- 1950s, **2:13**
- 1960s (the “go-go” years), **2:14**
- 1970s. See **1970s** (this index)
- 1980s. See **1980s** (this index)
- 1990s. See **1990s** (this index)
- Pre-“New Deal” broker-dealer regulation, **2:1**
- Sixties (the “go-go” years), **2:14**

REMOTE OFFICES

- Supervision requirements, **11:21**

REMOVAL OR DISCHARGE FROM EMPLOYMENT

- Generally, **15:1, 15:2**

REPEAL OF GLASS-STEAGALL ACT

- Generally, **2:45**

REPORTING

- Generally. See **Recordkeeping and Financial Reporting** (this index)
- Clearing and settlement, SEC staff report, **13:7**

REPOS

- Net capital requirements, definitions, **4:17**

RESEARCH REPORTS

- Supervision of public communications, **11:17.10**

RESERVE FORMULA REQUIREMENT

- Customer funds, protection and use, **5:5**

RES JUDICATA

- Arbitration, **12:5**

RESPONDEAT SUPERIOR

- Supervision requirements, **11:12.50**

RESTRICTIONS

- See **Limitations and Restrictions** (this index)

RETAIL FOREIGN EXCHANGE DEALERS

- Capital requirements, **4:45**

RETENTION

- Recordkeeping and financial reporting, retention requirements, **6:3**

REVERSE REPOS

Net capital requirements, definitions, **4:17**

RICO

Sales practices, **10:30**

RISKS

Management, high frequency traders, **11:6.70**

Net capital requirements, **4:41.50 et seq.**

ROARING TWENTIES

History of broker-dealer operations, **1:19**

ROBBER BARONS

History of broker-dealer operations, **1:10**

ROGUE BROKERS

Supervision requirements, lack of supervision over communications, **11:20**

ROGUE TRADERS

Supervision requirements, lack of supervision over communications, **11:19**

RULE 1.31

Books and recordkeeping requirements and inspection authority, **6:22**

RULE 10b-10

See **Recordkeeping and Financial Reporting** (this index)

RULE 10b-16

Margin requirements, **13:7**

RULE 15c2-5

Margin requirements, **8:12**

RULE 15c2-11

Trading practices, **9:3**

RULE 15c3-2

Customer funds, protection and use, **5:9**

RULE 15c3-3

Customer funds, protection and use, **4:3, 5:6**

RULE 17a-3

Recordkeeping and financial reporting, SEC's principal recordkeeping provision, **6:2**

RULE 17a-4

Recordkeeping and financial reporting, retention and inspection requirements, **6:3**

RULE 17a-5

See **Recordkeeping and Financial Reporting** (this index)

RULE 17f-1

Lost and stolen securities program, **6:16**

RULE 17f-2

Fingerprinting requirement, **6:17**

RULE 17h-1t

Net capital requirements, capital withdrawals, **4:38**

RULE 17h-2t

Net capital requirements, capital withdrawals, **4:38**

SALES PRACTICES

Generally, **10:1 to 10:33**

Annuities, variable annuity switching, **10:24.50**

Applying suitability rule, **10:3**

Arbitration, **10:11**

Authorization, trading of securities (unauthorized), **10:26**

Breach of fiduciary duty, **10:29**

CFTC

Commodity option requirements, **10:20**

Decisions, **10:15**

Proposed rule, CFTC and suitability standards, **10:14**

Reasonable basis for recommendations, **10:21**

Churning, **10:25, 10:25.50**

Commodity Exchange Act (CEA)

Churning, **10:25.50**

Judicial decisions on suitability under, **10:16**

Unauthorized trading, **10:26.50**

Commodity futures claims, generally, **10:29**

Commodity option requirements under CFTC, **10:20**

Decisions

CFTC decisions, **10:15**

Commodity Exchange Act, suitability under, judicial decisions, **10:16**

Communications supervision, judicial decisions, **11:17.30**

Disciplinary actions in suitability cases, **10:9**

Disclosure, mutual fund breakpoints, **10:24**

Discretion, **10:21.50**

Do not call registry, **10:33**

Electronic communications, **10:5, 10:6**

Entertainment abuses, **10:32.50**

Ethical practices, **10:32**

Fact, reasonable basis in, **10:13**

Fiduciary duty, **10:21.50, 10:28, 10:29**

Fraud, **10:27 to 10:29**

Institutional clients, suitability requirements, **10:4**

Insurance product suitability, **10:12.50**

Late trading and market timing, **10:24.60**

Markups, **10:23**

Misrepresentations, **10:27 to 10:29**

Mutual fund breakpoints, switching and commissions, **10:24**

Mutual fund regulation, **10:24.50, 10:24.55, 10:24.60**

Negligence, **10:28**

NFA (National Futures Association) rule, **10:19**

SALES PRACTICES—Cont'd

- Options, commodity option requirements under CFTC, **10:20**
- Penny stocks, suitability requirements, **10:8**
- Private right of action, **10:10**
- Racketeering, **10:30**
- Reasonable basis for recommendations, **10:21**
- Reasonable basis in fact, **10:13**
- Recommendations, reasonable basis—CFTC, **10:21**
- Regulation best interest, **10:13.50**
- RICO, **10:30**
- SEC and suitability, **10:7**
- Single stock futures, **10:17**
- SRO rules on suitability, **10:2**
- Standards, generally, **10:14**
- State law and claims
 - Fraud, negligence, and fiduciary duty, **10:28**
 - Suitability requirements, generally, **10:12, 10:18**
- Suitability
 - Rule, generally, **10:2 et seq.**
 - Securities industry, generally, **10:1 et seq.**
 - Swaps, suitability requirements for, **10:8.50**
- Supervision of communications, review cases, **11:17.30**
- Swaps, suitability requirements for, **10:8.50**
- Switching
 - Mutual fund breakpoints, **10:24**
 - Variable annuity switching, **10:24.50**
- Trading away, **10:22**
- Unauthorized trading of securities, **10:26, 10:26.50**
- Variable annuity switching, **10:24.50**
- Wrap account requirements, **10:31**

SEC

- See **Securities and Exchange Commission (SEC)** (this index)

SECURITIES ACT OF 1933

- New Deal legislation, **2:4**

SECURITIES AND EXCHANGE COMMISSION (SEC)

- For particular matters regarding SEC and SEC regulatory authority, see more specific entries throughout this index
- Clearing and settlement, SEC staff report, **13:7**
- Net capital requirements, SEC requirements under “basic” method, **4:4**
- Over-the-counter swaps, regulation, **14A:2**
- Protection and use of customer funds, SEC hypothecation restrictions, **5:7**
- Registration requirements, SEC no-action positions on, **3:4**
- Sales practices, SEC and suitability, **10:7**

SECURITIES AND EXCHANGE

COMMISSION (SEC)—Cont'd

- Supervision. See **Supervision Requirements** (this index)

SECURITIES EXCHANGE ACT OF 1934

- Amendments of 1975, **2:16**
- Margin requirements. See **Margin Requirements** (this index)
- New Deal legislation, **2:5**

SECURITIES FIRM LIABILITY

- Clearing and settlement, **13:22**

SECURITIES OPTIONS

- See **Options** (this index)

SECURITIES PROFESSIONALS

- Arbitration, **12:13**

SECURITIZED SUBPRIME MORTGAGES

- Early Twentieth Century, **2A:11, 2A:16 to 2A:21**

SELF REGULATORY ORGANIZATION RULES

- Arbitration, **12:20**

SEPTEMBER 11

- Early Twentieth Century, **2A:2**

SETTLEMENT

- See **Clearing and Settlement** (this index)

SEXUAL HARASSMENT

- Employment issues, **15:5**

SHORT SALES

- Trading practices, **9:7, 9:7.50**

SINGLE STOCK FUTURES

- Customer funds, protection and use, **5:10**
- Sales practices, **10:17**

SLANDER

- Employment issues, **15:3**

SOFT DOLLAR PRACTICES

- Recordkeeping and financial reporting, **6:14**

SOLICITATION

- Former customers, solicitation of, **15:7**

SPECULATION IN FUTURES MARKETS

- History of broker-dealer operations, **1:9**

SRO RULES

- Sales practices, SRO rules on suitability, **10:2**

STABILIZING ACTIVITIES

- Trading practices, **9:9, 9:10**

STAFF REPORT

- Clearing and settlement, SEC staff report, **13:7**

STANDARDS

- Recordkeeping. See **Recordkeeping and Financial Reporting** (this index)
- Sales practices. See **Sales Practices** (this index)
- Termination of employment, **15:2**

STATES AND STATE LAW

- Arbitration, state claims, **12:3, 12:4**
- Net capital requirements, **4:3**
- Sales practices. See **Sales Practices** (this index)

STAY OF PROCEEDINGS

- Arbitration, **12:6**

STOCK AND COMMODITY EXCHANGE

DATA FEES

- Generally, **13A:1 to 13A:11**
- Commodity futures markets, **13A:9**
- Commodity market cases, **13A:11**
- Data centers, stock markets become, **13A:1**
- Exchange market data is deemed to be proprietary, **13A:2**
- Floor traders, commodity futures exchange, **13A:4**
- Market data, historic preferred access to, **13A:3**
- Market data rate setting efforts, SEC, **13A:7**
- National Market System (NMS)
 - Data dissemination requirements, **13A:5**
 - Data sharing requirements, **13A:6**
- Securities market cases, **13A:10**
- Transaction fees, **13A:8**

STOCK FUTURES

- Recordkeeping and financial reporting, **6:26**

STOLEN SECURITIES PROGRAM

- Recordkeeping and financial reporting, **6:16**

STREET NAME PROXIES

- Clearing and settlement, **13:13**

STREET NAME SECURITIES

- Clearing and settlement, **13:13**

STRICT LIABILITY STANDARD

- Supervision requirements, **11:24**

SUBORDINATED INDEBTEDNESS

- Net capital requirements, Appendix D, **4:36**

SUBPRIME LENDING CRISIS

- AIG debacle, **2A:17**
- Early Twentieth Century, **2A:11, 2A:16 to 2A:21**
- Government bailout programs, **2A:18**
- Growth in securitized subprime mortgages, **2A:16**
- Short sales, **9:7.50**

SUBSIDIARIES

- Net capital requirements, accounting—Appendix C, **4:34**

SUPERVISION REQUIREMENTS

- Generally, **11:1 to 11:25**
- Aiding and abetting, **11:11, 11:11.50**
- Analysts, **11:6.50**
- Attorneys as supervisors, **11:7**
- Banking activities, investment banking, **11:6.50**
- Bars, supervisory, **11:8**
- CFTC supervisory requirements
 - Generally, **11:13**
 - CFTC decisions on its supervisory requirements, **11:14**
 - Judicial decisions regarding. See Judicial decisions interpreting CFTC supervisory requirements, below
- Commodity Exchange Act (CEA)
 - Aiding and abetting, **11:11.50**
 - Controlling personnel liability, **11:12.25**
 - Derivative liabilities of supervisors, **11:11.50, 11:12.25**
- Communications, supervision of
 - Generally, **11:17, 11:18**
 - Continuing education requirements, **11:23**
 - Electronic communication, **11:17.10, 11:18**
 - Independent contractors and remote offices, **11:21**
 - Internet communication, **11:17.10**
 - Lack of supervision, generally, **11:19 to 11:23**
 - Promotional requirements of National Futures Association, **11:17.20**
 - Public, communications with, **11:17.10**
 - Rogue brokers, **11:20**
 - Rogue traders, **11:19**
 - Sales material review cases, **11:17.30**
 - Telemarketing practices, **11:17**
 - Unregistered persons, **11:22**
- Compliance examinations, **11:2.50**
- Compliance personnel as supervisors, **11:7**
- Construction and interpretation
 - CFTC supervisory requirements. See Judicial decisions interpreting CFTC supervisory requirements, below
 - Judicial decisions interpreting supervision obligations, **11:9**
 - SEC decisions. See SEC decisions interpreting duty to supervise, below
- Continuing education requirements, **11:23**
- Controlling person liability, **11:12, 11:12.25**
- Decisions. See Judicial decisions, below
- Delegation of duty, supervisory personnel, **11:4**
- Derivative liabilities of supervisors
 - Generally, **11:10 to 11:13**
 - Aiding and abetting, **11:11, 11:11.50**
 - Commodity Exchange Act, **11:11.50, 11:12.25**
 - Controlling personnel liability, **11:12, 11:12.25**
- Duty, generally, **11:1**; and see entries throughout this topic

SUPERVISION REQUIREMENTS—Cont'd

Education, continuing education requirements, **11:23**
 Electronic communication, **11:17.10, 11:18**
 Electronic trading, **11:20.50**
 Examinations, yearly compliance examination for broker-dealers, **11:2.50**
 Federal securities laws, generally, **11:2**
 General considerations, **11:24, 11:25**
 Hedge funds, **11:21.50**
 High frequency trading, risk management requirements, **11:6.70**
 Human resources, generally, **11:4**
 Independent contractors, **11:21**
 Introduction, **11:1**
 Investment advisers, **11:6.80**
 Investment banking activities, **11:6.50**
 Judicial decisions interpreting
 Generally, **11:9**
 CFTC requirements. See Judicial decisions interpreting CFTC supervisory requirements, below
 Judicial decisions interpreting CFTC supervisory requirements
 Generally, **11:15, 11:16**
 Private right of action, **11:16**
 Lack of supervision over communications, generally, **11:19 to 11:23**
 Limitations on telemarketing practices, **11:17**
 Mutual funds, **11:6.50**
 Net capital requirements, consolidated supervised entities and risk based capital requirements, **4:42.50**
 Obligation, generally, **11:1**; and see entries throughout this topic
 Operation requirements for supervisors, **11:5**
 Personnel, generally, **11:4**
 Portfolio managers, supervision of, **11:6**
 Private right of action, judicial decisions interpreting CFTC supervisory requirements, **11:16**
 Procedure requirements for supervisors, **11:5**
 Reasonableness standard, supervisory duty under, **11:25**
 Remote offices, **11:21**
 Respondeat superior, **11:12.50**
 Risk management requirements, high frequency trading, **11:6.70**
 Rogue brokers, **11:20**
 Rogue traders, **11:19**
 SEC decisions interpreting duty to supervise
 Generally, **11:3 to 11:6**
 Basis for supervisory obligation, generally, **11:3**
 Delegation of duty, supervisory personnel, **11:4**

SUPERVISION REQUIREMENTS—Cont'd

SEC decisions interpreting duty to supervise—Cont'd
 Operation and procedure requirements for supervisors, **11:5**
 Portfolio managers, supervision of, **11:6**
 Standards
 Reasonableness standard, supervisory duty under, **11:25**
 Strict liability standard, **11:24**
 Strict liability standard, negative effect, **11:24**
 Supervisory bars, **11:8**
 Telemarketing practices, limitations on, **11:17**
 Unregistered persons, **11:22**

SUPERVISORY BARS

Generally, **11:8**

SWAPS

Binary options, **14A:5**
 Bit coins, **14A:5**
 Cases, **14A:3**
 CFTC regulations, **14A:2**
 Clearing facility, clearing and settlement, **13:11.50**
 Customer funds, protection and use, **5:11**
 Dodd-Frank Act regulation, **14A:1**
 Margin requirements, **8:25**
 Mixed swap defined, **14A:2**
 Net capital requirements, **4:29.50, 4:44**
 Precious metals, over-the-counter sales, **14A:4**
 Recordkeeping and financial reporting, **6:27**
 Registration, **3:11.50**
 SEC regulation, **14A:2**
 Securities-based swap defined, **14A:2**
 Suitability requirements for, **10:8.50**

SWITCHING

Sales Practices (this index)

T+3

Clearing and settlement, **13:9**

TAX CLAIMS

Net capital requirements, definitions, **4:8**

TECHNOLOGY

1990s, catching up with technology, **2:37**

TELEMARKETING PRACTICES

Supervision requirements, limitations on telemarketing practices, **11:17**

TERMINATION FROM EMPLOYMENT

Generally, **15:1, 15:2**

TESTIMONIALS

Supervision of public communications, **11:17.10, 11:17.20**

TESTS AND TESTING

FINRA testing and background checks, **3:12**

TRADING AWAY

Sales practices, **10:22**

TRADING PRACTICES

Generally, **9:1 to 9:19**

All or none offerings, **9:15**

Analyst's conflicts, **9:19**

Audit trail requirements, **9:16.50**

Best execution concerns, **9:2**

Chinese wall, **9:19**

Commodity futures trading practice restrictions, **9:17**

Commodity manipulations, **9:17.50**

Conflicts of financial analysts, **9:19**

Customer orders, improper practices, **9:6**

Distribution concerns, **9:16**

Dodd-Frank Act of 2010, **9:17.80**

Electronic communication networks, high frequency trading, **14:14**

Energy market manipulations, **9:17.70**

Financial analyst's conflicts, **9:19**

Floor trading practices, **9:8**

Hot issue, **9:16**

Late trading and market timing, **10:24.60**

Manipulation of markets

Commodity manipulations, **9:17.50**

Dodd-Frank Act of 2010, **9:17.80**

Energy market manipulations, **9:17.70**

Prohibited activities, **9:5**

Market making activities, **9:1, 9:3**

Offerings, all or none, **9:15**

Order flow, payments for, **9:4**

Payments for order flow, **9:4**

Pay-to-play practices, **9:18**

Regulation FD, **9:19**

Regulation M (17 C.F.R. Part 242), **9:12 to 9:14**

Restrictions on commodity futures trading practices, **9:17**

Rule 15c2-11 (17 C.F.R. § 240.15c2-11), **9:3**

Rules, generally, **9:11**

Short sales, **9:7, 9:7.50**

Stabilizing activities, **9:9, 9:10**

Subprime crisis and short sales, **9:7.50**

Trading practice rules, generally, **9:11**

Underwriting background, stabilizing activities, **9:10**

Watch lists, **9:19**

Yield burning, **9:18**

TRANSFER AGENTS

Clearing and settlement, **13:12, 13:13**

TRUST INDENTURE ACT OF 1939

New Deal legislation, **2:7**

TURN OF CENTURY (19TH TO 20TH)

History of broker-dealer operations, **1:16**

TURN OF CENTURY (20TH TO 21ST)

Generally, **2:41**

12 C.F.R. PART 220

See **Margin Requirements** (this index)

UNAUTHORIZED TRADING

Sales practices, **10:26, 10:26.50**

UNDERWRITING BACKGROUND

Trading practices, stabilizing activities, **9:10**

UNDUE CONCENTRATION CHARGES

Net capital requirements, definitions, **4:25**

UNITED KINGDOM

Financial Services Authority, **16:2**

UNREGISTERED PERSONS

Supervision requirements, **11:22**

UP FRONT COMPENSATION

Recovery of up front compensation from account executives, **15:8**

USE OF CUSTOMER FUNDS

See **Customer Funds, Protection and Use** (this index)

VARIABLE ANNUITY SWITCHING

Sales practices, **10:24.50**

WAGES AND COMPENSATION

Recovery of up front compensation from account executives, **15:8**

WAIVER

Arbitration, **12:8**

WATCH LISTS

Trading practices, **9:19**

WHISTLE BLOWING

Employment issues, **15:4**

WITHDRAWALS

Net capital requirements, limitations on capital withdrawals, **4:37 to 4:39**

WORLD WAR I

History of broker-dealer operations, WWI and finance, **1:17**

WRAP ACCOUNTS

Recordkeeping and financial reporting, **6:15**

Sales practices, **10:31**

YIELD BURNING

Trading practices, **9:18**