

## **Course Description**

### **FIN2031 | Risk Management & Compliance | 3.00 credits**

This course offers an analysis of the risks faced by investors and savers interacting through both financial institutions and financial markets. It will provide insight at the risks and opportunities of doing business in today's financial markets and the challenges presented by both regulators and market participants. The course will review the increasing integration of foreign and domestic financial markets.

### **Course Competencies:**

**Competency 1:** The student will understand the basic legal framework associated to the securities industry by:

1. Obtaining an overview of the structure and regulatory/risk framework of the US securities market, history and evolution including a review of:
  - a. The Securities Act of 1933
  - b. The Securities Exchange Act of 1934
  - c. The Investment Company Act of 1940
  - d. The Investment Adviser Act of 1940
2. Describing the role of the Securities and Exchange Commission (SEC) as a regulatory agency including its mission, jurisdiction and authority
3. Obtaining an insight and background into disclosure required for public companies and the associated infrastructure
4. Explaining the basic purpose and structure of US regulatory agencies including and importance of self-regulatory agencies (FINRA) and other regulatory agencies impacting the securities markets (CFTC, OCC, FDIC, Federal Reserve)
5. Explaining specific ethical issues in the securities industry
6. Explaining new developments in securities regulation, the securities industry, and securities markets

**Competency 2:** The student will demonstrate an understanding of and proficiency in software modeling and requirements gathering activities by:

1. Applying concepts and requirements of FINRA rules SRO regulatory requirements for Associated Persons and MSRB Rules
2. Describing the SEC approach to disclosure and how it impacts the day-to-day work responsibilities of broker dealers and security professionals
3. Summarizing and applying securities statutes and rules associated to the distribution of securities
4. Explaining the scope of civil liability in the securities markets
5. Applying concepts regarding the impact on innovation in the securities markets and globalization and the risks impacting investors protection
6. Applying the compliance considerations associated with customers' accounts and prohibited activities

**Competency 3:** The student will acquire a deeper understanding of the logistics associated to managing the customer account opening/on-boarding and compliance with Anti-Money laundering and OFAC regulations by:

1. Describing the key elements of USA Patriot Act Customer Identification (CIP) and Customer Due Diligence (CDD) and their application in account opening and registration
2. Explaining basic indicators of money laundering in a broker dealer setting
3. Describing the risks associated to beneficial ownership, PEP identification, and high-risk jurisdictions in complex securities transactions
4. Defining money laundering and the stages in money laundering (structuring, layering and placement)
5. Describing the basic typologies associated to suspicious activity in an investment transaction and the escalation/ reporting requirements
6. Differentiating between a Suspicious Activity Report (SAR) and a Currency Transaction Report (CTR) and the impact in account managing

7. Describing the role of the US Treasury Department Office of Foreign Assets Control (OFAC) and the Specially Designated Nationals (SDN) the importance of accurate customer verification during account on-boarding

**Learning Outcomes:**

- Use quantitative analytical skills to evaluate and process numerical data
- Solve problems using critical and creative thinking and scientific reasoning
- Formulate strategies to locate, evaluate, and apply information
- Demonstrate knowledge of ethical thinking and its application to issues in society