

SDDco Group Client Update

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Dear SDDCO Clients and Colleagues:

Our May 2017 Client Update includes industry news and guidance, regulatory rule info, important deadlines, and other timely matters impacting brokers, advisers, fintech firms, taxpayers, investors, and their service professionals.

SDDCO Client Update posts are made available on our website throughout the month at <http://sddco.com/resources/client-updates/>

ABOUT US

[Get to Know SDDCO's Alva Advisory Services for Tech Startups](#)

Alva Advisory Services, LLC is an entity of the SDDCO Group focused on emerging companies in the tech-startup space. Explore how Alva can meet the startup needs of your new business in the Alva Advisory Services Brochure. What can Alva accountants and consultants do for your tech startup? Alva can help your company start clean. Alva can customize service to each client. Alva can guide your firm's funding efforts. Engage Alva for financial services, business consulting, and more...

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ADVISERS

[SEC Issues Info Update for Multi-National Investment Advisers](#)

Staff of the SEC's Division of Investment Management recently released an "Information Update for Advisers Relying on the Unibanco No-Action Letters". The "Update" is aimed at registered investment advisers ("RIAs") using the services of an unregistered foreign investment adviser affiliate. About the Unibanco Letters under the Investment Advisers Act of 1940 ("Advisers Act"), only RIAs may present investment advice to clients in the U.S. The Unibanco letters enable an unregistered foreign participating affiliate ("Participating Affiliate") to share employees and advise clients in the U.S. without SEC enforcement action in situations where...

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BROKER-DEALERS

[Guidance on Social Networking and Business Emails for Broker-Dealers](#)

FINRA's April 2017 guidance helps its member broker-dealers understand and comply with FINRA communications rules online. In light of new trends and technologies, broker-dealer firms could benefit from continued guidance on social media and digital communications to help them keep up. The new FINRA guidance presents a detailed Q&A covering text messaging, personal communications, hyperlinking, testimonials and endorsements, native advertising, third-party directory corrections, and BrokerCheck links. How We Interact is Changing Rapidly...

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[Should FINRA Provide Safe Harbor for BD Desk Commentary?](#)

Many broker-dealer firms produce "desk commentary" for institutional investors. This is a brief, written sales material based on the observations of their non research personnel (sales and trading and principal trading personnel) in response to a trading event or news flash. To create a limited safe harbor from its "Research Rules," FINRA proposed amendments to FINRA Rule 2241 (Research Analysts and Research Reports) and FINRA Rule 2242 (Debt Research Analysts and Debt Research Reports). To lessen research-related conflicts, the proposed safe harbor for desk commentary would...

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[FINRA Looks to Amend Corporate Financing Rule](#)

Rule 5110 prohibits unfair underwriting arrangements in connection with the public offering of securities. FINRA wants industry feedback by May 30, 2017, on its proposed amendments to modernize, simplify, and clarify FINRA Rule 5110 (Corporate Financing Rule – Underwriting Terms and Arrangements). The proposal aims to keep the key standard of 5110, which is to disallow broker-dealers and their associated persons from participating in a public offering where the terms and conditions (including underwriting comp) are unfair, unreasonable or break a FINRA rule. The Proposed Changes...

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[Broker-Dealer Rules on Capital Formation ~ Feedback Needed on FINRA 360](#)

Broker-dealers help businesses raise capital through the securities markets. FINRA rules and processes address their capital raising activities. A new initiative—FINRA360—evaluates aspects of its operations and programs to identify opportunities to more effectively further its mission. As part of this initiative, FINRA asks for comment on "the effectiveness and efficiency of its rules, operations and administrative processes governing broker-dealer activities related to the capital-raising process and their *impact on capital formation*"...

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[FINRA's New Broker-Dealer Sanction Guidelines](#)

FINRA's new Sanction Guidelines familiarize broker-dealers with typical securities-industry rule violations and the range of disciplinary sanctions that may result. FINRA's National Adjudicatory Council (NAC) revised the guidelines to reflect recent developments in the disciplinary process, agree with rule changes, and accurately reflect sanctions imposed in FINRA disciplinary proceedings. The revisions detailed in the Regulatory Notice 17-13 "Regulatory Sanctions" are the outgrowth of FINRA's most recent review of the Sanction Guidelines. And the changes are effective immediately. The Sanction Revisions...

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[FINRA's Funkhouser Raps on Insider Trading](#)

In the latest episode of A Few Minutes With FINRA, livewire Cam Funkhouser—Executive VP of FINRA's Office of Fraud Detection and Market Intelligence (OFDMI)— shares with FINRA member broker-dealers some insider trading red flags, gives the deets on recent fraud cases, and lays out how to contact his office. Red Flags Trading before material news could be suspicious. Patterns as such, more suspicious. OTC stock certificates in a shell company that suddenly become the target of a pump and dump scheme, even more suspicious...

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INVESTORS

[Investor Alert: Beware of Stock Recs on Research Websites](#)

The Office of Investor Education and Advocacy (OIEA) of the Securities and Exchange Commission (SEC) issued an Investor Alert to enlighten investors about the pitfalls of stock recommendations and related research on websites and elsewhere. "Seemingly independent commentary on investment research websites may in fact be part of paid stock promotion campaigns." That article on an investment research website may not be objective. The writer may have been paid to promote a company's stock and even deny so in print. The SEC recently charged 27 parties with fraud for promoting stocks where the writer failed to disclose payment, used a pseudonym or faked credentials...

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[Investor Ed: How the SEC Handles Investor Complaints](#)

The Office of Investor Education and Advocacy (OIEA) at the Securities and Exchange Commission (SEC) issued an investor bulletin "Investor Complaints" to let investors know how the office handles

reported issues and to suggest alternate routes investors can take to settle a securities-related dispute. Complaints: OIEA receives individual investor complaints against industry participants including brokers, investment advisers, transfer agents, and mutual funds. An OIEA Investor complaint form is available to report problems with investments or professionals involving the following...

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STARTUPS ~ SMALL BUSINESS

[Top 10 Recs from the Joint Forum on Small Business Capital Formation](#)

Since 1982, the SEC hosts an annual forum focused on the capital concerns of small business. The Final Report of the 2016 Forum is now available. As mandated by the Small Business Investment Incentive Act of 1980, the "SEC Government-Business Forum on Small Business Capital Formation" gathers to address needless obstacles to small business capital formation. "Each forum seeks to develop recommendations for government and private action to improve the environment for small business capital formation, consistent with other public policy goals, including investor protection"...

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[Info-fest for Emerging U.S Small Business](#)

National Small Business Week, April 30 – May 6, gives the U.S. Small Business Administration (SBA) an opportunity to recognize the nation's top small businesses, entrepreneurs, and business advocates. The week-long event continues through May 6, with planned national events in New York, Indianapolis, Fresno, and Dallas. See the city-by-city schedule for the webinars and other useful links and tools for emerging companies...

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[Tax Considerations for Small Business in the Sharing Economy](#)

Small businesses offering goods and services through an online platform may be part of the sharing economy. The IRS typically considers ride sharing, freelancing, renting a spare bedroom, and crowd funding as taxable. Consider these five sharing economy tips from the IRS for small businesses which cover the following: 1) Taxes, 2) Large Cash Amount, 3) Deductions, 4) Estimated Payments, and 5) Records...

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TAXPAYERS

Featured Tax Articles for May 2017

[What to do if you haven't filed a Tax Return](#)

Haven't filed a 2016 tax return yet? Don't worry; it's not too late--and it's not as difficult as you think.

[Renting Out a Vacation Home](#)

Summer is just around the corner. If you're thinking of buying a vacation home near the seaside and renting it out, and perhaps using it yourself as well, there may be tax consequences you haven't considered. Here's what you need to know.

[Tax Implications of Retiring Overseas](#)

Are you approaching retirement age and wondering where you can retire to make your retirement nest egg last longer? Retiring abroad may be the answer. But first, it's important to look at the tax implications because not all retirement country destinations are created equal.

[Retirement Plan Options for Small Businesses](#)

In recent years, employer-sponsored retirement plans have become a key component for retirement savings. Not only do they help employees save for the future; they also offer tax benefits for small business owners.

[Employee Relocation: What Happens to your Home?](#)

Business owners, as well as employees, often have questions about what to do with an employee's home--and what the tax consequences might be--when he or she is moved to a new job location. Here are some answers.

Tax Tips

[Late Filing and Late Payment Penalties](#)

[Top Ten Facts about Adoption Tax Benefits](#)

[Business Expenses - Tips for Employees](#)

[Tax Rules for Children With Investment Income](#)

Tax Due Dates

May 1

Employers - Social Security, Medicare, and withheld income tax. File form 941 for the first quarter of 2017. Deposit any undeposited tax. (If your tax liability is less than \$2,500, you can pay it in full with a timely filed return.) If you deposited the tax for the quarter in full and on time, you have until May 10 to file the return.

May 10

Employees who work for tips - If you received \$20 or more in tips during April, report them to your employer. You can use Form 4070.

Employers - Social Security, Medicare, and withheld income tax. File Form 941 for the first quarter of 2017. This due date applies only if you deposited the tax for the quarter in full and on time.

May 15

Employers - Nonpayroll withholding. If the monthly deposit rule applies, deposit the tax for payments in April.

Employers - Social Security, Medicare, and withheld income tax. If the monthly deposit rule applies, deposit the tax for payments in April.

[Click here](#) to read the rest of the newsletter.

Please call us at (212) 751-4422 if you have any questions.

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