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Finra's Ketchum 'not apologetic' about waivers or Corzine's free pass

MF Global boss received no favoritism, regulator's CEO says; decision 'never bubbled up' to senior management

By Bruce Kelly

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Ketchum: Without waiver system, Finra would be 'slapping on burdens for no reason.' (Photo: Bloomberg)

Finra in no way gave special treatment to Jon Corzine, the former chief executive of bankrupt MF Global Inc., according to chief executive Richard G. Ketchum.

Financial Industry Regulatory Authority (FINRA) Last week, it came to light that the Financial Industry Regulatory Authority Inc. gave Mr. Corzine a pass from

taking two exams, the Series 7 and 24, when he returned to the securities industry last year after spending 10 years as a U.S. senator and governor of New Jersey. Finra, however, did require him to take the Series 32 futures exam.

"With respect to Jon, we went through exactly the same analysis we would do with respect to any experienced person who had substantial supervisory responsibility and then had gone into public service in the intermediate time," Mr. Ketchum said today.

He made his comments to reporters after serving as the keynote speaker for the fall conference of the National Association of Independent Broker-Dealers in New York.

"You can look through what we did in respect with people who went off to the [the Securities and Exchange Commission], the Treasury Department, etc. We did exactly the same thing we did with Jon with respect to any of them," Mr. Ketchum said.

"These are people who continued to stay current in regard to securities-related issues. We made a judgment, as we do, and I think the stories have generally been fairly accurate," Mr. Ketchum said.

Finra, at times, provides such exemptions to professionals returning to the business, he said.

"I'm not apologetic about that at all. If we were to apply burdens to people with wide-ranging experiences from the supervisory standpoint, who had had an exemplary career in the securities industry before going into public service, we would be acting like mindless regulators slapping on burdens for no reason," Mr. Ketchum said.

"And Corzine was given absolutely no favoritism because he happened to be on the political side," Mr. Ketchum said. "I never knew that Corzine was in for an exemption; it never bubbled up from a senior standpoint, and it shouldn't have, because it was handled exactly the same as other events."

Mr. Ketchum, however, struck a different tone when asked about the settlement more than two weeks ago which revealed that senior Finra officials had three times in an eight-year period doctored documents that were being given to the SEC, which oversees it.

"It is unacceptable for any regulated organization, much less a regulator, to have three instances of altering documents before providing them to the SEC," he said.

"Absolutely unacceptable. We take full accountability and have no problem with the SEC to bring an action," Mr. Ketchum said.

The instances were isolated and should be put into the context of the tens of thousands to hundreds of thousands of documents that Finra staff members give to the SEC each year, he said.

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