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SEC/CORPORATE

See "US Reporter Deadlines for Bureau of Economic Analysis BE-180 Report" in the Investment Companies and Investment Advisers section.

BROKER-DEALER

SEC Extends Specified Temporary Relief Related to Security-Based Swaps

On September 15, the SEC issued an order extending temporary exemptions and exceptions from compliance with certain provisions of the Securities Exchange Act of 1934 (Exchange Act) applicable to security-based swaps (SB swaps) that were amended or added by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Specifically, the order extends the temporary exemption from the requirements of Section 3E(f) of the Exchange Act. Section 3E(f) requires SB swap dealers and major SB swap participants (collectively, SBS Entities) to segregate initial margin amounts delivered by their counterparties in uncleared SB swap transactions if requested to do so by such counterparties. In addition, the order extends the temporary and limited exception from the requirements of Section 15F(b)(6). Section 15F(b)(6) prohibits an SBS Entity from permitting an associated person who is subject to a statutory disqualification to effect or be involved in effecting SB swaps on its behalf if such SBS Entity knew or should have known of the statutory disqualification. The temporary and limited exception allows persons subject to a statutory disqualification who were, as of July 16, 2011, associated with an SBS Entity and who effected or were involved in effecting SB swaps on behalf of such SBS Entity to continue to be associated with such SBS Entity.

The relief under Sections 3E(f) and 15F(b)(6) of the Exchange Act expires upon the compliance date of the SEC's recently adopted registration rules for SBS entities (Registration Compliance Date). The registration rules for SBS Entities were first reported in the August 7 edition of the *Corporate & Financial Weekly Digest*.

Finally, the order makes clear that the exemption from Section 29(b) of the Exchange Act, which generally provides that contracts made in violation of any provision of the Exchange Act are void, will continue until the Registration Compliance Date with respect to Sections 3E(f) and 15F(b)(6) of the Exchange Act.

The SEC's order is available here.

See "US Reporter Deadlines for Bureau of Economic Analysis BE-180 Report" in the Investment Companies and Investment Advisers section.

DERIVATIVES

See "SEC Extends Specified Temporary Relief Related to Security-Based Swaps" in the Broker-Dealer section.

See "CFTC Announces Proposal to Amend the Definition of "Material Terms" for Purposes of Swap Portfolio Reconciliation" in the CFTC section.

CFTC

CFTC Announces Proposal to Amend the Definition of "Material Terms" for Purposes of Swap Portfolio Reconciliation

On September 15, the CFTC issued a notice of proposed rulemaking that sets out an amendment of the regulatory definition of "material terms" for purposes of swap portfolio reconciliation under CFTC Regulation 23.502. Under this proposal, parties engaged in reconciling a swap portfolio will be permitted to exclude certain enumerated data fields from consideration in discharging their obligation to resolve discrepancies in "material terms" of swaps under CFTC Regulation 23.502(a)(4) and (b)(4).

The proposal, however, maintains the status quo of CFTC Regulation 23.502 in that swap dealers, major swap participants and their respective counterparties are required to exchange "the terms" of a swap under CFTC Regulation 23.500(i)(1) in the course of the reconciliation process.

If adopted, the proposed amendment would supersede CFTC Staff Letter 13-31, issued June 26, 2013, which has been providing similar relief.

More information is available here.

INVESTMENT COMPANIES AND INVESTMENT ADVISERS

US Reporter Deadlines for Bureau of Economic Analysis BE-180 Report

Every five years, the US Commerce Department's Bureau of Economic Analysis (BEA) conducts a survey concerning financial services transactions between US "Financial Services Providers" (defined below) and entities domiciled or incorporated outside the United States (Foreign Persons). Each US entity that (1) is a Financial Services Provider; and (2) either was contacted by the BEA *or* had combined sales to or purchases from Foreign Persons in excess of $3 million during its 2014 fiscal year is required to file a report (US Reporter) using the Form BE-180.

For purposes of the report, a Financial Services Provider includes, without limitation, parties that provide: (1) brokerage services; (2) underwriting and private placement services; (3) financial management services; (4) credit-related services; (5) credit card services; (6) securities lending services; (7) investment advisory services; (8) electronic funds transfer services; (9) custody services; and (10) other financial services. Broker-dealers, portfolio managers and placement agents all meet the definition of Financial Services Provider.

The BE-180 report is due by November 1, 2015, if (1) the US Reporter was notified of the BE-180 survey by the BEA and has a BE-180 identification number below 140012490; or (2) the US Reporter was not notified of the BE-180 survey by the BEA. The report is due by December 1, 2015, if the US Reporter was notified of the BE-180 survey by the BEA and has a BE-180 identification number above 140012490. The BEA is open to granting extensions if the extension request is made by November 1, 2015.

More information about the BE-180 is available here.

UK DEVELOPMENTS

FCA Announces Changes to GABRIEL

On September 14, the Financial Conduct Authority (FCA) published an update announcing changes to GABRIEL (Gathering Better Regulatory Information Electronically), its online reporting, data validation and filing portal.

GABRIEL is used by UK-based firms, which are authorized and regulated by the FCA, as well as non-UK firms that have a regulatory nexus with the UK (i.e., firms that have filed with the FCA for eligibility to conduct fund marketing activities in the UK). All such firms must make their filings and reports available to the FCA via GABRIEL.

The FCA states that as of Monday, September 21, GABRIEL will be moved to a new URL (located here). At this time, users can log into GABRIEL by selecting "Proceed to GABRIEL," which will take them to a new welcome page. From this welcome page, users can click "Proceed to Login" and enter their user ID and password as usual.

Users' login details will remain the same; however, the FCA also has released a Quick Reference Guide (QRG) that explains how to log into GABRIEL, change personal details and change/request a new password.

It is thought that the changes to GABRIEL were precipitated by a system crash at the end of February 2015 that resulted from FCA-registered fund managers in the UK and non-UK firms, which had registered with the FCA for UK marketing, trying to file Alternative Investment Fund Managers Directive Annex IV reports in the days before the first quarterly reporting deadline.

The FCA's announcement is available here.

The QRG is available at here.

EU DEVELOPMENTS

ESMA Raises Market Risk Indicator for European Securities to Highest Level

On September 14, the European Securities and Markets Authority (ESMA) published its Trends, Risks and Vulnerabilities Report No. 2 for 2015 (the TRV) on the European securities markets. The TRV covers the time period from January to June 2015. ESMA also published its Risk Dashboard No. 3 for 2015 (Dashboard), providing a summary of the risks facing EU markets.

ESMA has raised its risk indicator for the EU markets to the highest level of "very high." ESMA maintains that market risk has been elevated for investors, market infrastructures, and the financial system at large due to high volatilities and fluctuating performances across asset classes. ESMA's credit risk assessment remained unchanged at very high levels. ESMA stated that it expects that liquidity risk, which is currently at a high level, will increase in the future, largely due to structural market changes that may have modified costs and incentives for market makers to provide liquidity. ESMA reported that contagion risk remained high and that operational risk remained elevated.

The TRV also reports ESMA's monitoring on possible vulnerabilities in the European financial system. The areas of concern include shadow banking, market liquidity and alternative funding. ESMA has proposed a more-focused approach to better measure the size of shadow banking activity. ESMA also examined how liquidity in sovereign bond markets is affected by the funding constraints of primary dealers and investigated the potential and risk of bank-loan mutual funds as a source of lending.

ESMA updates the TRV and Dashboard semi-annually as part of it ongoing market surveillance.

A copy of the TRV can be found here. A copy of the Dashboard can be found here.

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* Click here to access the *Corporate & Financial Weekly Digest* archive.

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