



Katten Financial Markets and Funds *Quick Take*

July 2023

Institutional Investment Managers Filing Form 13F Must Now Track and Report Executive Compensation Proxy Votes and Securities Lending Activities

By David Dickstein

On July 1, the first reporting period for disclosure on Form N-PX of proxy votes regarding certain executive compensation matters began for institutional investment managers that file Form 13F under the Securities Exchange Act of 1934. Such institutional managers will now be required to disclose annually on SEC Form N-PX their proxy voting records pertaining to say-on-pay matters. [Read Katten's analysis.](#)

No Exemption for DAO from Commodity Exchange Act and CFTC Regulations for Operating a Decentralized Exchange Rules California-Based Federal Court

By Gary DeWaal, Dan Davis

A decentralized autonomous organization (DAO) is an unincorporated association under California and federal law that is liable for violations of the Commodity Exchange Act (CEA) and regulations of the Commodity Futures Trading Commission (CFTC), ruled a California-based federal district court on June 8, 2023, in entering a default order for the CFTC in its enforcement action against Ooki DAO. [Read about the court's decision.](#)

US Government Issues Africa Gold Advisory

By Jacques Semmelman

On June 27, a broad lineup of US government departments and agencies issued an "Africa Gold Advisory." The 29-page Advisory, jointly issued by the US Departments of State, Treasury, Commerce, Homeland Security and Labor, together with the US Agency for International Development (USAID), identifies major risks associated with transacting with the African gold sector and urges US businesses to conduct careful due diligence before engaging in any such transaction. [Read about the Africa Gold Advisory.](#)

SEC Adopts Rules on Cybersecurity Risk Management, Strategy, Governance and Incident Disclosure by Public Companies

By Trisha Sircar, Richard Marshall, Danette Edwards

On July 26, the Securities and Exchange Commission (SEC) adopted [rules](#) requiring registrants to disclose material cybersecurity incidents they experience and to disclose on an annual basis material information regarding their cybersecurity risk management, strategy and governance. The SEC also adopted rules requiring foreign private issuers to make comparable disclosures. [Read about the SEC's new disclosure requirement.](#)

European Commission Approves the EU-US Data Privacy Framework

By Trisha Sircar

The European Commission (EC) approved a new adequacy decision on the EU-US Data Privacy Framework on July 10, 2023. The EC issued a [press release](#), stating that “[T]he decision concludes that the United States ensures an adequate level of protection for personal data transferred from the EU to US companies under the new framework. On the basis of the new adequacy decision, personal data can flow safely from the EU to US companies participating in the Framework, without having to put in place additional data protection safeguards.” [Read about EC’s decision.](#)

European Commission Adopts Rules on Securitization Risk Retention

By Christopher Collins, Nathaniel Lalone, Peter Englund

On July 7, the EC approved the text of a delegated regulation supplementing the EU Securitization Regulation (EUSR) regarding regulatory technical standards on risk retention (RR RTS). Article 6 of the EUSR requires the originator, sponsor or original lender of a securitization to retain, on an ongoing basis, a material net economic interest in the securitization of not less than 5 percent. [Read about the EUSR.](#)

HM Treasury Shakes Up the Future of Short Selling in the UK

By Christopher Collins, Neil Robson

On July 11, HM Treasury issued two publications on the future of the UK’s short-selling regime. The first publication was the UK government’s response to HM Treasury’s December 2022 call for evidence on the Short Selling Regulation (SSR), while the other is a new follow-on consultation relating to the short selling of sovereign debt and sovereign credit default swaps (CDS). [Read about the SSR.](#)

FCA Publishes Letter to Cryptoasset Firms on Changes to Financial Promotion Rules

By Christopher Collins, Neil Robson, Ciara McBrien

On July 4, the Financial Conduct Authority (FCA) published a letter sent to cryptoasset firms warning them that they must prepare for changes to the financial promotions regime that go into effect on October 8. This follows the FCA’s publication of its “near-final” rules on financial promotions for cryptoassets in June 2023. [Read about the FCA’s cryptoasset marketing regulations.](#)

European Commission Proposes Legal Framework for Digital Euro

By Christopher Collins, Neil Robson, Ciara McBrien

The EC published its “Single Currency Package” on June 28 with proposals to establish a legal framework for the creation of a potential digital euro alongside the cash euro. [Read about the EC’s proposal.](#)

FCA Publishes Guidance on the UK’s Trading Venue Perimeter

By Christopher Collins, Nathaniel Lalone, Carolyn Jackson

Following a consultation in September 2022 (CP22/18), the FCA has published a policy statement (PS23/11) containing guidance on when a firm’s activities constitute those of a trading venue requiring authorization. [Read about the FCA’s guidance.](#)

Post-Brexit Momentum: Financial Services and Markets Bill Receives Royal Assent

By Christopher Collins, Nathaniel Lalone, Neil Robson, Ciara McBrien, Carolyn Jackson

As a major post-Brexit milestone, HM Treasury has announced that the Financial Services and Markets Bill received Royal Assent on June 29 (press release available [here](#)). The Financial Services and Markets Act 2023 establishes the UK’s post-Brexit financial services framework,

tailoring regulation to fit the UK's market to secure the UK's leading global position in financial services. [Read about the Financial Services and Markets Act.](#)

ICYMI

Here's a look back at recent client advisories from Katten.

- [“Recent DC Circuit Court of Appeals Case Brings FINRA to the Forefront of the SRO State Actor Controversy,”](#) July 17, 2023
- [“A New Era for Continuation Fund Transactions: ILPA Issues New Guidance,”](#) June 27, 2023
- [“Funds NOT Immediately Available: Actions FCMs Should Take to Protect Customer Funds Deposited at Distressed Banks,”](#) June 23, 2023
- [“SEC Swaps the Game: New Rules to Combat Fraud, Manipulation and CCO Undue Influence,”](#) June 21, 2023

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