

Corporate & Financial Weekly Digest

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SEC Retains Existing Rules on Beneficial Ownership and Derivatives

Section 766 of the Dodd-Frank Wall Street Reform and Consumer Protection Act specifies that the Securities and Exchange Commission must set rules to determine the extent to which a security-based swap will be deemed to involve the acquisition of beneficial ownership of underlying equity securities for the purposes of Sections 13 and 16 of the Securities Exchange Act of 1934. The SEC has decided that existing Rules 13d-3 and 16a-1 already provide sufficient guidance on this topic so it is merely proposing to "re-adopt" those rules without change in order to meet the requirement of Section 766. The SEC accordingly issued on March 17 a notice of proposed rule that contains a lengthy discussion of the current rules and states that "the purpose of the proposed rulemaking is solely to preserve the regulatory status quo." Comments are due on April 15.

The notice of the proposed rule can be found [here](#).

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