

SEC/CORPORATE

Register for Our 2019 Proxy Season Update Webinar

On Thursday, December 13 at 12:00 p.m. (CT), please join Katten Muchin Rosenman LLP and Meridian Compensation Partners for a webinar discussion of key developments and trends impacting public companies in the 2019 annual reporting and proxy season.

Further details are available [here](#); click [here](#) to register.

DERIVATIVES

See “*CFTC Approves a Final Rule to Amend Uncleared Swap Margin Requirements*” in the CFTC section.

CFTC

CFTC’s LabCFTC Releases Primer on Smart Contracts

On November 27, the Commodity Futures Trading Commission’s LabCFTC released “A CFTC Primer on Smart Contracts” to provide information on a variety of financial technology (FinTech) topics. LabCFTC is a hub designed for the CFTC to engage with the FinTech community.

The primer defines a “smart contract” as “a set of coded computer functions” that may or may not be a binding contractual agreement. Among other attributes, smart contracts can authenticate the identities of parties (and contra-parties), access data to trigger actions based on external stimuli (delivery of an asset, weather conditions, change in a reference rate, etc.), and automate the execution process. The primer also delves into the challenges and risks of smart contracts, as well as the potentially applicable legal frameworks.

More information on the primer is available [here](#).

CFTC Announces Agenda for Market Risk Advisory Committee Public Meeting

The Commodity Futures Trading Commission has announced that its Market Risk Advisory Committee will hold a meeting on December 4. The meeting will be held at CFTC’s headquarters in Washington, DC beginning at 9:30 a.m. and is open to the public.

The Committee will receive a report from the Interest Rate Benchmark Reform Subcommittee, followed by panels that will consider (1) clearinghouse risk management and governance; (2) non-default losses in recovery and resolution; (3) central counterparty resolution, the leverage ratio and incentives to clear; and (4) oversight of third-party service providers and vendor risk management.

The full agenda is available [here](#).

CFTC Approves a Final Rule to Amend Uncleared Swap Margin Requirements

On November 19, the Commodity Futures Trading Commission approved a final rule to amend its margin requirements for uncleared swaps for swap dealers and major swap participants for which there is no prudential regulator (CFTC Margin Rule). As a part of the Project KISS initiative, the amendments were designed to harmonize the CFTC Margin Rule with related rules that certain prudential regulators have adopted (QFC Rules).

The CFTC Margin Rule establishes minimum requirements for swap dealers and major swap participants to collect and post margin for certain swaps not cleared by a registered derivatives clearing organization or by a derivatives clearing organization exempt from CFTC registration. The amendments to the CFTC Margin Rule revise the definition of “eligible master netting agreement” to confirm that master netting agreements of entities subject to the CFTC Margin Rule are not excluded from the definition of eligible master netting agreement based on the agreements’ compliance with QFC Rules. In addition, the amendments clarify that any uncleared swap entered into before the CFTC Margin Rule’s effective date that is not currently subject to the CFTC Margin Rule margin requirements will not become subject to such requirements if it is amended to comply with QFC Rules.

The final rule amendments go into effect on December 26.

More information on the final rule is available [here](#).

BREXIT/UK DEVELOPMENTS

Electronic Money, Payment Services and Payment Systems Regulations 2018 Published

On November 20, the Electronic Money, Payment Services and Payment Systems (Amendment and Transitional Provisions) (EU Exit) Regulations 2018 (Regulations) were published with an associated explanatory memorandum.

The Regulations make amendments to the Payment Services Regulations 2017 (PSRs) and the Electronic Money Regulations 2011 (EMRs), to ensure that the UK payments and electronic money (e-money) regime continues to operate effectively in the United Kingdom after its withdrawal from the European Union (Brexit) on March 29, 2019 (Exit Day).

The Regulations create a temporary permissions regime for payments and e-money institutions. They also include amendments relating to the safeguarding of client assets, therefore reducing the scope of PSRs and EMRs to reflect Brexit, enabling continued access to the Single Euro Payments Area and transferring functions conducted by the European Supervisory Authorities to the UK Financial Conduct Authority.

The Regulations went into effect on November 21, with the exception of Exit Day-related amendments to primary and subordinate legislation.

The Regulations are available [here](#).

The explanatory memorandum is available [here](#).

EU DEVELOPMENTS

LEI ROC Consults on Fund Relationships in GLEIS

On November 19, the Legal Entity Identifier Regulatory Oversight Committee (LEI ROC) published its second consultation paper on fund relationships in the Global Legal Entity Identifier System (GLEIS).

In its second consultation paper, LEI ROC explains that a significant proportion of entities that have a legal entity identifier (LEI) are investment funds. Consequently, LEI ROC proposes a limited update to the way relationships affecting funds are recorded in the GLEIS. The update aims to ensure that the implementation of relationship data

is consistent throughout the GLEIS and to provide a means to facilitate a standardized collection of fund relationship information at the global level.

LEI ROC proposes to achieve its objectives by:

1. providing a definition for each fund relationship; and
2. improving the alignment of the data structure with what is done for direct and ultimate accounting parent entities (as defined in its report of March 10, 2016).

LEI ROC also has published draft guidelines for consultation, in Annex 1 of the second consultation, for the registration of investment funds in the GLEIS. This is to improve the quality of information on funds by addressing the drawback that relationship data would not be available in all cases.

The second consultation includes a summary of responses to LEI ROC's first consultation regarding improvements to definitions such as "Fund Management Entity," "Master Feeder" and "Umbrella Funds."

The deadline for submitting comments on the proposals is January 14, 2019. Responses received to the second consultation will inform the final version of the policy framework that the LEI ROC will approve for implementation by the Global LEI Foundation, which will not take place before January 2020.

The first consultation paper is available [here](#) and second consultation paper is available [here](#).

The report of March 10, 2016 is available [here](#).

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