Katten

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BROKER-DEALER

SEC Small Business Capital Formation Advisory Committee to Discuss Opportunities for Underrepresented Founders and Investors

On April 26, the Securities and Exchange Commission announced that its Small Business Capital Formation Advisory Committee (Committee) will meet on Friday, April 30, to discuss solutions to increase access to capital for underrepresented founders and investors from smaller, regional funds. The meeting will include a presentation from the Office of the Advocate for Small Business Capital Formation analyzing access to capital across demographic groups and geographies. The Committee will then deliberate on potential recommendations to improve equitable access to capital.

Small Business Capital Formation Advisory Committee Agenda

SEC Press Release

Upcoming Effective Date of FINRA Rules Regarding Brokers With a Significant History of Misconduct

On March 10, the Financial Industry Regulatory Authority (FINRA) issued Regulatory Notice 21-09 announcing FINRA's adoption of new rules to address brokers with a significant history of misconduct and the broker-dealers that employ them, as discussed in the March 12, 2021 edition of *Corporate & Financial Weekly Digest*). Amendments to FINRA Rule 8312 (FINRA BrokerCheck Disclosure), which require FINRA to release through BrokerCheck which firms are "taping firms," which are member firms with a specified percentage of registered persons who have been associated with disciplined firms in a registered capacity in the last three years, will become effective May 1.

Regulatory Notice 21-09

Alex Oh Resigns From SEC; Melissa Hodgman Named Acting Director of Enforcement

On April 28, the Securities and Exchange Commission announced that Alex Oh resigned her position as Director of the Division of Enforcement. Melissa Hodgman, who had previously served as the Acting Director of the Division of Enforcement prior to Ms. Oh's appointment, will return to such role.

SEC Press Release

DERIVATIVES

See "CFTC Renews No-Action Relief for Entities Submitting Swaps for Clearing With DCOs Acting Under Exemptive Orders or No-Action Relief" in the CFTC section.

CFTC

CFTC Renews No-Action Relief for Entities Submitting Swaps for Clearing With DCOs Acting Under Exemptive Orders or No-Action Relief

On April 28, the Division of Data of the Commodity Futures Trading Commission issued a renewal of the temporary no-action relief available to entities (Relief Counterparties) that submit certain swaps for clearing by derivatives clearing organizations that operate pursuant to CFTC exemptive orders or staff no-action letters (Relief DCOs). CFTC Letter No. 21-12 extends relief available to Relief Counterparties from requirements to terminate original "alpha" swaps and report swaps between the Relief Counterparties and the Relief DCOs, as well as for counterparties from reporting certain primary economic terms data fields for swaps intended to be cleared by a Relief DCO, each subject to fulfillment of certain conditions discussed in the letter. This relief was first issued in 2016 (Letter No. 16-85) and renewed in 2018 (Letter No. 18-03).

CFTC Press Release

UK DEVELOPMENTS

UK Treasury Committee Publishes Report on Net Zero and the Future of Green Finance

On April 22, the House of Commons Treasury Committee (Committee) published a report on net zero and the future of green finance in the UK (the Report) along with a press release.

The key recommendations proposed by the Committee to achieve net-zero in the UK by 2050 include:

- labeling financial products clearly for consumers to assess their climate impacts and make choices accordingly;
- preventing greenwashing of financial products to combat the potential to mislead consumers;
- recommending the Financial Conduct Authority (FCA) should consider undertaking additional FinTech challenges to encourage innovation and tackle any remaining regulatory barriers that discourage innovative 'green' financial products from coming to market;
- efficiently incorporating revised remits by the FCA and the Prudential Regulation Authority (PRA) to include climate change;
- reporting the proportion of pension holders who remain in default funds and the extent to which those funds are compatible with the aim to net-zero;
- issuing the UK's first green sovereign bonds (or 'green gilts'); and
- advising the government to outline principles on which the UK will fund its transition to net zero.

The Report

Committee Press Release

FCA Webpage on Climate Change and Sustainable Finance

On April 23, the Financial Conduct Authority (FCA) published a new webpage on its strategic approach to climate change and sustainable finance.

The FCA explains it will continue to broaden and deepen its sustainable finance strategy, which is based on the themes of transparency, trust, and tools, as set out in its previous feedback statement (FS19/6).

The webpage highlights:

- the work of the Task Force on Climate-related Financial Disclosures and a new webpage on climate-related reporting requirements;

- the Climate Financial Risk Forum which has published a number of guides, covering topics such as disclosure, scenario analysis, risk management and innovation;
- the FCA's ongoing work on investor stewardship issues through numerous publications and its work with the Financial Reporting Council; and
- the FCA's international work on regulatory initiatives to collaborate and share experiences, such as the Sustainable Finance Taskforce under the International Organization of Securities Commissions.

This publication follows the Chancellor's March 2021 remit letter to the FCA about how the FCA should consider the government's commitment to achieve a net zero economy by 2050 in its work.

FCA webpage on climate change and sustainable finance

FCA webpage on climate-related reporting requirements

FS19/6

FCA Consults on Changes to Conduct and Organizational Rules Under UK MiFID

On April 28, the Financial Conduct Authority (FCA) launched a consultation paper (CP21/9), alongside HM Treasury, on changes to the conduct and organizational rules in the UK Markets in Financial Instruments Directive (MiFID II): research and best execution reporting.

The consultation proposes to:

- change the inducements rules on research to broaden the list of permitted minor non-monetary benefits to include investment research on small and medium-sized enterprises with a market cap below £200m and fixed income, currencies and commodities research, so that they would not be subject to the inducements rules;
- change how the inducements rules apply to openly available research and research provided by independent research providers; and
- delete the rules imposing obligations on execution venues and investment firms to make RTS 27 and RTS 28 best execution reports.

The proposals on research rules apply to one of the most controversial parts of the MiFID II overhaul of securities regulations. The UK, which has a vast number of asset-management firms affected by the rules, was a strong supporter of unbundling when the MiFID II research rules and inducements rules were originally drafted before Brexit.

The consultation closes on June 23.

FCA Consultation

For additional coverage on financial and regulatory news, visit *Bridging the Week*, authored by Katten's Gary DeWaal.

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UK DEVELOPMENTS

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