

BROKER-DEALER

Amended FINRA Registration Rules To Take Effect October 1

Amended Financial Industry Regulatory Authority registration, qualification and continuing education rules will become effective on October 1. The amended rules, which the Securities and Exchange Commission approved on October 13, 2017, will consolidate and replace the National Association of Securities Dealers, Incorporated New York Stock Exchange and existing FINRA registration rules.

Among other things, the new rules:

- Require member firms to designate both a principal financial officer (who has primary responsibility for financial filings and related books and records) and a principal operations officer (who has primary responsibility for the day-to-day operations of the business);
- Allow firms to permissively register, as a principal or representative, any associated person of the firm;
- Establish three new principal registration categories (compliance officer, investment banking principal and private securities offerings principal); and
- Provide a registration waiver program that allows individuals, who terminate their registrations with a member firm in order to go to work for a financial services industry affiliate of such a firm, to obtain a waiver of their requalification requirements upon reapplying with FINRA for registration, subject to certain conditions.

FINRA also has restructured the representative-level qualification examination such that all representative-level applicants will take a general knowledge examination (called the Securities Industry Essentials or SIE) and a tailored, specialized knowledge examination (a revised representative-level qualification examination) for their particular registered role.

More information about the amended rules is available [here](#).

FINRA Regulatory Notice 17-30 is available [here](#).

DERIVATIVES

See “NFA Releases Notice Regarding Swap Valuation Dispute Filing Process” in the CFTC section.

CFTC

CFTC Extends Comment Period on Proposed Amendments to the Volcker Rule

On September 4, the Commodity Futures Trading Commission, in conjunction with the Office of the Comptroller of the Currency, Treasury, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and Securities and Exchange Commission, extended the comment period on the proposed amendments to the regulations implementing Section 13 of the Bank Holding Company Act. Section 13, commonly known as the Volcker Rule, restricts the ability of a banking entity and nonbank financial company supervised by the Board to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund. The comment period, which was to close September 17, will now close October 17.

Notice of the extension of the comment period is available [here](#).

NFA Releases Notice Regarding Swap Valuation Dispute Filing Process

On September 6, the National Futures Association (NFA) sent a notice to its members with information regarding the Interpretive Notice to NFA Compliance Rule 2-49. NFA Compliance Rule 2-49 requires swap dealers and major swap participants (collectively, SDs) to promptly submit relevant information to the NFA in the form and manner prescribed by NFA. The Interpretive Notice, which went into effect on January 2, describes the swap valuation disputes that require notice and the information required to be reported. Further, if a reportable swap valuation dispute involves two SD counterparties, each SD must file a separate dispute notice with the NFA.

The NFA has noticed instances where a swap valuation dispute that involved two SD counterparties was filed by only one SD. The Notice reminds SDs that both SD counterparties must submit a swap valuation dispute report when it involves two SD counterparties. Furthermore, the Notice specifies that, in the event that the NFA receives a swap valuation dispute notice from only one SD, the NFA will provide limited information regarding the swap valuation dispute to the non-reporting SD to facilitate the non-reporting SD's swap valuation dispute submission process.

The Interpretive Notice is available [here](#).

EU DEVELOPMENTS

European Commission Publishes Communication on Proposed ESMA Amendments to MiFIR RTS

On September 3, the European Commission (EC) published a communication, dated August 10, in response to a proposal from the European Securities and Markets Authority (ESMA) regarding amendments to Delegated Regulation 2017/587, which sets out regulatory technical standards on transparency requirements for trading venues and investment firms regarding financial instruments (RTS 1), supplementing the Markets in Financial Instruments Regulation (MiFIR).

In March, final revised amendments to RTS 1 were submitted by the ESMA to the EC. The amendments attempted to clarify that, for financial instruments subject to the minimum tick size regime under the revised Markets in Financial Instruments Directive, systematic internalizer (SI) quotes would only be considered to reflect prevailing market conditions where those quotes reflect the price increments applicable to EU trading venues trading the same instruments.

In the communication, the EC explains that once specific amendments have been made, they will endorse the proposed and revised amendments to RTS 1.

The EC has explained that they made these revisions because of co-legislators failing to provide, when finalizing the text of MiFIR, that SI quotes would need to respect tick size increments and, consequently, regulatory technical standards cannot be used to address this point.

The EC's communication is available [here](#).

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EU DEVELOPMENTS

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