

SEC proposes enhanced regulatory framework for covered clearing agencies

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On September 28 2016 the Securities and Exchange Commission (SEC) voted to establish enhanced standards for the operation and governance of securities clearing agencies that are deemed systemically important by the Financial Stability Oversight Council or that are involved in complex transactions, such as security-based swaps.⁽¹⁾

Covered securities clearing agencies are required to adopt specific enhancements relating to financial risk management, governance, recovery planning, operations and disclosure to market participants. The rules, if adopted, will come into effect 60 days after the final rule is published in the *Federal Register* and covered security clearing agencies will be required to comply with the rule's requirements within 120 days thereafter.

The SEC also voted to propose to apply the enhanced standards to other categories of securities clearing agency, including all SEC-registered clearing agencies that are central counterparties, central securities depositories or securities settlement systems. Comments are due on the proposed amendments within 60 days of publication of the release in the *Federal Register*.

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Endnotes

(1) The proposed rule is available at www.sec.gov/rules/proposed/2016/34-78963.pdf.

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