

## Press Release

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# SEC Reopens Comment Period for Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants

### **FOR IMMEDIATE RELEASE**

**2018-233**

*Washington D.C., Oct. 11, 2018* — The Securities and Exchange Commission today voted to reopen the comment period and request additional comment (including potential modifications to proposed rule language) on the proposed rules and amendments for capital, margin, and segregation requirements for security-based swap dealers and major security-based swap participants and capital requirements for broker-dealers.

“Reopening the comment period is an important step forward in standing up the security-based swap regime,” said Chairman Jay Clayton. “We strongly encourage interested persons to submit comments and data for the Commission to consider as the rulemaking process moves forward.”

Reopening the comment period will provide interested parties with an opportunity to submit comments that take into account regulatory and market developments since publication of the proposals. This also will provide interested parties with the opportunity to provide comments on the potential economic effects of the proposals in light of these developments.

The public comment period will remain open for 30 days following publication of the release in the Federal Register.

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### **FACT SHEET**

#### **SEC Open Meeting**

**Oct. 11, 2018**

#### **Action**

The Commission is reopening the comment period and requesting additional comment (including potential modifications to proposed rule language) on the proposed rules and amendments for capital, margin, and segregation requirements for security-based swap dealers (SBSDs) and major security-based swap participants (MSBSPs) and capital requirements for broker-dealers.

#### **Background**

In October 2012, the Commission proposed amendments and new rules to:

1. establish capital and margin requirements for SBSDs and MSBSPs that do not have a prudential regulator (nonbank SBSDs and MSBSPs);
2. establish segregation requirements for SBSDs;
3. establish notification requirements for SBSDs and MSBSPs relating to segregation; and
4. raise minimum net capital requirements and establish liquidity requirements for broker-dealers permitted to use internal models when computing net capital.

In addition, in May 2013, the Commission proposed provisions to establish the cross-border treatment of security-based swap capital, margin, and segregation requirements. Finally, in April 2014, the Commission proposed an additional nonbank SBSD capital requirement.

The Commission has received numerous comment letters on the proposals and believes it is prudent to reopen the comment period for the proposals in light of these comments. In addition, the Commission believes the public should have the opportunity to provide comment on the potential economic effects of the proposals in light of regulatory and market developments since they were published.

### Highlights

The Commission is seeking comment on all aspects of the proposals. The Commission is also seeking specific comment on certain aspects of the proposals where further information would be particularly helpful to the Commission in the following areas: capital, margin, segregation, substituted compliance, compliance dates, as well as the economic implications of the proposals. In addition, the Commission is seeking comment on potential modifications to the proposed rule text.

Examples of some of the areas where the Commission is seeking additional comment include:

- the potential use by a nonbank SBSD of a credit risk charge for uncollected margin under the proposed capital rules for counterparties other than commercial end users, and whether a threshold should apply;
- the treatment of collateral held at a third-party custodian under the proposed capital rules;
- the potential use of a uniform margin model, including an industry-developed model, to compute initial margin for non-cleared security-based swaps;
- the potential use of a risk-based margin threshold under which a nonbank SBSD need not collect initial margin;
- potential alternatives relating to exceptions for dealers under the proposed margin rule;
- the potential portfolio margining of swaps and security-based swaps;
- clarifications regarding the application of the proposed omnibus segregation requirements, as well as the cross-border application of the proposed segregation requirements;
- additional guidance regarding the criteria the Commission would consider when making substituted compliance determinations for capital and margin;
- the amount of time it would take for registrants to take the necessary steps to come into compliance with applicable requirements; and
- the economic implications of the proposed rules, including solicitation of comment and supporting data on the current risk management practices that support trading activity in security-based swaps, as well as on how the baseline of the economic analyses has changed since the publication of the proposals.

### What's Next

The comment period will be open for 30 days after the release is published in the Federal Register.

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