

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71485; File No. S7-27-11)

February 5, 2014

Order Extending Temporary Exemptions under the Securities Exchange Act of 1934 in Connection with the Revision of the Definition of “Security” to Encompass Security-Based Swaps, and Request for Comment

I. Introduction

The Securities and Exchange Commission (“Commission”) is extending certain temporary exemptive relief contained in a prior Commission order (“Exchange Act Exemptive Order”)¹ in connection with the revision of the Exchange Act definition of “security” to encompass security-based swaps. These temporary exemptions were provided by the Commission on July 1, 2011 and are set to expire on February 11, 2014 (“Expiring Temporary Exemptions”).

As described in more detail below, the Commission is extending the expiration date for the Expiring Temporary Exemptions. Specifically, for those Expiring Temporary Exemptions that are not directly linked to pending security-based swap rulemakings, the Commission is extending the expiration date until the earlier of such time as the Commission issues an order or rule determining whether any continuing exemptive relief is appropriate for security-based swap activities with respect to any of these Exchange Act provisions or until three years following the effective date of this Order. For each Expiring Temporary Exemption that is related to pending security-based swap rulemakings, the Commission is extending the expiration date until the compliance date for the related security-based swap-specific rulemaking.

¹ See Order Granting Temporary Exemptions under the Securities Exchange Act of 1934 in Connection with the Pending Revisions of the Definition of “Security” to Encompass Security-Based Swaps, Exchange Act Release No. 64795 (Jul. 1, 2011), 76 FR 39927 (Jul. 7, 2011) (“Exchange Act Exemptive Order”).

The approach for extending the exemptions related to security-based swap rulemakings reflected in this Order is intended to facilitate a timely phased-in determination regarding the application of the relevant provisions of the Exchange Act to security-based swaps based on the development of the relevant rules mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”)² as the Commission moves toward finalizing those rules. This approach also provides the Commission flexibility while Dodd-Frank Act rulemaking is still in progress to determine whether continuing relief should be provided for any Exchange Act provisions that are not directly linked to specific security-based swap rulemaking.

II. Discussion

A. Background

Title VII of the Dodd-Frank Act amended the Exchange Act definition of “security” to expressly encompass security-based swaps.³ The expansion of the definition of the term “security” has changed the scope of the Exchange Act regulatory provisions that apply to security-based swaps and has raised certain complex questions that require further consideration.

On July 1, 2011, the Commission issued an order granting temporary exemptive relief from compliance with certain provisions of the Exchange Act in connection with the revision of the Exchange Act definition of “security” to encompass security-based swaps.⁴ The overall approach of the Exchange Act Exemptive Order was directed toward maintaining the *status quo* during the implementation process for the Dodd-Frank Act, by preserving the application of

² The Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124, Stat. 1376 (2010).

³ Exchange Act Section 3(a)(10), 15 U.S.C. 78c(a)(10), as revised by Section 761(a)(2) of the Dodd-Frank Act.

⁴ *See* Exchange Act Exemptive Order.

particular Exchange Act requirements that were already applicable in connection with instruments that became “security-based swaps” following the effective date of the Dodd-Frank Act,⁵ but deferring the applicability of additional Exchange Act requirements in connection with those instruments explicitly being defined as “securities” as of the effective date.⁶ The Expiring Temporary Exemptions generally provide for the following exemptions from Exchange Act: (a) temporary exemptions in connection with security-based swap activity by certain “eligible contract participants”; and (b) temporary exemptions specific to security-based swap activities by registered brokers and dealers.⁷ These Expiring Temporary Exemptions⁸ are currently scheduled to expire on February 11, 2014.⁹

⁵ *Id.* The Title VII amendments of the Dodd-Frank Act generally became effective on July 16, 2011 (360 days after the enactment of the Dodd-Frank Act).

⁶ *See* Exchange Act Exemptive Order at 5-6.

⁷ *See* Exchange Act Exemptive Order at 39-44.

⁸ The Exchange Act Exemptive Order provided a temporary exemption from Sections 5 and 6 of the Exchange Act until the earliest compliance date set forth in any of the final rules regarding registration of security-based swap execution facilities. The Exchange Act Exemptive Order also provided that no security-based swap contract entered into on or after July 16, 2011 shall be void or considered voidable by reason of Section 29(b) of the Exchange Act because any person that is a party to the contract violated a provision of the Exchange Act for which the Commission has provided exemptive relief in the Exchange Act Exemptive Order, until such time as the underlying exemptive relief expires. This extension order does not affect either of these expiration dates.

⁹ *See* Further Definition of “Swap,” “Security-Based Swap,” and “Security-Based Swap Agreement”; Mixed Swaps; Security-Based Swap Agreement Recordkeeping, Exchange Act Release No. 67453 (Jul. 18, 2012), 77 FR 48207 (Aug. 13, 2012) (“Product Definitions Adopting Release”) (extending the expiration date of the Expiring Temporary Exemptions to February 11, 2013) and Order Extending Temporary Exemptions under the Securities Exchange Act of 1934 in Connection with the Revision of the Definition of “Security” to Encompass Security-Based Swaps, and Request for Comment, Exchange Act Release No. 68864 (Feb. 7, 2013), 78 FR 10218 (Feb. 13, 2013) (“Extension Release”) (extending the expiration date to February 11, 2014). Before issuing the Extension Release, the Commission received a request to extend the Expiring Temporary Exemptions from market participants, citing concerns that key issues and questions regarding the application of the federal securities laws remained unresolved and continuing concerns about the potential for unnecessary disruption to the security-based swap market. *See* SIFMA Request for Extension of the Expiration Date of the SEC’s Exchange Act Exemptive Order and SBS Interim final Rules (Dec. 20, 2012) (“SIFMA Extension Request”), which is available at <http://www.sec.gov/comments/s7-27-11/s72711-12.pdf>.

To date, the Commission has proposed substantially all of the rules related to the new regulatory regime for derivatives under Title VII and has begun the process of adopting these rules.¹⁰ Keeping with the Dodd-Frank Act’s stated objective of promoting financial stability in the U.S. financial system, the Commission has expressed its intent to move forward deliberately in implementing the requirements of the Dodd-Frank Act, while minimizing unnecessary disruption and costs to the markets.¹¹ Among the rules for this new regulatory framework that the Commission has proposed are rules relating to (i) capital, margin, and segregation requirements for security-based swap dealers and major security-based swap participants,¹² (ii) security-based swap trade acknowledgement,¹³ and (iii) security-based swap execution facilities registration requirements.¹⁴ In addition, the Commission has also been

¹⁰ See Statement of General Policy on the Sequencing of the Compliance Dates for Final Rules Applicable to Security-Based Swaps Adopted Pursuant to the Securities Exchange Act of 1934 and the Dodd-Frank Wall Street Reform and Consumer Protection Act, Exchange Act Release No. 67177 (Jun. 11, 2012), 77 FR 35625 (Jun. 14, 2012). See also Reopening of Comment Periods for Certain Rulemaking Releases and Policy Statement Applicable to Security-Based Swaps Proposed Pursuant to the Securities Exchange Act of 1934 and the Dodd-Frank Wall Street Reform and Consumer Protection Act, Exchange Act Release No. 69491 (May 1, 2013), 78 FR 30800 (May 23, 2013) (“Reopening Release”) which reopened the comment period until July 22, 2013. See also e.g. Product Definitions Adopting Release; Further Definition of “Swap Dealer,” “Security-Based Swap Dealer,” “Major Swap Participant,” “Major Security-Based Swap Participant” and “Eligible Contract Participant”, Exchange Act Release No. 66868 (Apr. 27, 2012), 77 FR 30596 (May 23, 2012); Process for Submissions for Review of Security-Based Swaps for Mandatory Clearing and Notice Filing Requirements for Clearing Agencies; Technical Amendments to Rule 19b-4 and Form 19b-4 Applicable to all Self-Regulatory Organizations, Exchange Act Release No. 67286 (Jun. 28, 2012), 88 FR 41602 (Jul. 13, 2012); Clearing Agency Standards, Exchange Act Release No. 68080 (Oct. 22, 2012), 77 FR 66219 (Nov. 2, 2012).

¹¹ See Exchange Act Exemptive Order.

¹² See Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital Requirements for Broker-Dealers, Exchange Act Release No. 68071 (Oct. 18, 2012), 77 FR 70213 (Nov. 23, 2012) (“Security-Based Swap Capital and Margin Rules”). See also Reopening Release.

¹³ See Trade Acknowledgement and Verification of Security-Based Swap Transactions, Exchange Act Release No. 63727 (Jan. 14, 2011), 76 FR 3859 (Jan. 21, 2011) (“Trade Acknowledgement Rule”). See also Reopening Release.

¹⁴ See Registration and Regulation of Security-Based Swap Execution Facilities, Exchange Act Release No. 63825 (Feb. 2, 2011), 76 FR 10948 (Feb. 28, 2011) (“Security-Based Swap Execution Facility Rules”). See also Reopening Release.

mandated by the Dodd-Frank Act to promulgate recordkeeping and reporting requirements for security-based swap dealers and major security-based swap participants.¹⁵

B. Extension of Temporary Exemptions

The Commission believes it is necessary or appropriate in the public interest, and consistent with the protection of investors to extend the Expiring Temporary Exemptions in order to avoid any potential market disruption stemming from the application of existing rules to security-based swap activities. Although the Commission is making significant progress in establishing and finalizing the new regulatory regime for securities-based swaps, key issues and questions regarding the application of the federal securities laws to security-based swaps remain unresolved. However, because the Commission has proposed substantially all of the rules related to the new regulatory regime for derivatives under Title VII, the Commission is able to better calibrate the need for extensions of the Expiring Temporary Exemptions based on how those exemptions relate to ongoing rulemaking. Accordingly, under this approach an extension of the Expiring Temporary Exemptions will provide the Commission with additional time to consider the potential impact of the revision of the Exchange Act definition of “security” on the scope of Exchange Act provisions applicable to security-based swaps, as well as the appropriateness of applying certain Exchange Act provisions to security-based swap activities in light of the Commission’s continuing rulemaking efforts.¹⁶

While the Commission is generally extending the Expiring Temporary Exemptions, it is refining the applicable expiration dates for these exemptions by (1) extending the expiration date

¹⁵ See 15 U.S.C. 78o-10(f).

¹⁶ This is also consistent with previous requests to extend the Expiring Temporary Exemptions. See SIFMA Extension Request. The Commission has also received a request for certain permanent exemptions upon the expiration of the exemptions contained in the Exchange Act Exemptive Order. See SIFMA SBS Exemptive Relief Request (Dec. 5, 2011), which is available at <http://www.sec.gov/comments/s7-27-11/s72711-10.pdf>.

of certain Expiring Temporary Exemptions that are generally not directly related to specific security-based swap rulemakings until the earlier of such time that the Commission issues an order or rule determining whether any continuing exemptive relief is appropriate for security-based swap activities with respect to any of these Exchange Act provisions or until three years following the effective date of this Order, and (2) extending the expiration date of other Expiring Temporary Exemptions that are directly related to specific security-based swap rulemakings, until the compliance date for the relevant security-based swap rulemaking.¹⁷

This approach recognizes the continuing development of the new regulatory regime for security-based swaps and takes into consideration the interrelation of certain existing Exchange Act provisions with this new regime. Specifically, the Commission believes it is necessary or appropriate in the public interest, and consistent with the protection of investors for the subset of Expiring Temporary Exemptions that are related to certain ongoing rulemakings to be addressed within any such rulemakings that are finalized in order to determine what, if any, exemptions would be appropriate based on the structure of the regulatory framework. The expiration dates of this subset of Expiring Temporary Exemptions will be extended until they are addressed within any relevant rulemakings relating to: (i) capital, margin, and segregation requirements for security-based swap dealers and major security-based swap participants, (ii) recordkeeping and reporting requirements for security-based swap dealers and major security-based swap participants, (iii) security-based swap trade acknowledgement rules, and/or (iv) registration requirements for security-based swap execution facilities.

¹⁷ Subsequent to the issuance of the Exchange Act Exemptive Order, the Commission adopted rules related to certain requirements applicable to municipal advisors. *See* Registration of Municipal Advisors, Exchange Act Release No. 70462 (Sep. 20, 2013), 78 FR 67467 (Nov. 12, 2013). The temporary exemptions provided in this order do not apply to these recently adopted rules.

In addition, with respect to the subset of Expiring Temporary Exemptions that are not directly related to specific security-based swap rulemakings, the Commission believes it would be appropriate for these exemptions to continue for three years or until such time as the Commission issues an order or rule determining whether any continuing exemption is applicable to any of these provisions. This approach is designed to limit the potential for market disruptions. Moreover, this approach is designed to provide sufficient time for the Commission to explore and potentially develop an appropriate framework for regulating security based swap activities and to provide sufficient time for public input regarding any such potential framework. Accordingly, pursuant to its authority under Section 36 of the Exchange Act,¹⁸ the Commission believes it is necessary or appropriate in the public interest, and consistent with the protection of investors to extend the Expiring Temporary Exemptions that are not related to specific securities-based swap rulemakings until the earlier of the time that the Commission issues an order or rule determining whether continuing exemptive relief is appropriate or until three years after the effective date of this Order.

The Commission is also, pursuant to its authority under Section 36, extending the below outlined Expiring Temporary Exemptions, until the earliest compliance dates established in applicable rulemakings.

¹⁸ 15 U.S.C. 78mm. Section 36 of the Exchange Act authorizes the Commission to conditionally or unconditionally exempt, by rule, regulation, or order any person, security, or transaction (or any class or classes of persons, securities, or transactions) from any provision or provisions of the Exchange Act or any rule or regulation thereunder, to the extent such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors.

1. Expiring Temporary Exemptions Relating to Security-Based Swap Capital and Margin Rules

The Commission is extending the Expiring Temporary Exemptions for the following Exchange Act provisions until the earliest compliance date set forth in any final security-based swap capital, margin, and segregation rules:¹⁹

- Section 7,²⁰ regarding the margin requirements for broker-dealers; and Regulation T,²¹ a Federal Reserve Board regulation regarding broker-dealer extension of credit.²²
- Section 15(c)(3),²³ which provides the Commission with rulemaking authority in connection with broker-dealer financial responsibility; Exchange Act Rule 15c3-1,²⁴ including Appendices A-G (Exchange Act Rules 15c3-1a through 15c3-1g)²⁵ regarding net capital requirements for brokers and dealers; Exchange Act Rule 15c3-3,²⁶ including 15c3-3a,²⁷ regarding broker-dealer reserves and custody of securities; and Exchange Act

¹⁹ In late 2012, the Commission proposed the Security-Based Swap Capital and Margin Rules. The proposed rules, if adopted, will clarify how certain Exchange Act provisions relating to the capital, margin, and segregation requirements of registered broker-dealers will apply to the security-based swap activities of registered broker-dealers.

²⁰ 15 U.S.C. 78g.

²¹ 12 CFR 220.1 *et seq.*

²² Under the approach of preserving the *status quo*, the Exchange Act Exemptive Order provided registered broker-dealers a limited exemption from Section 7(c) and Regulation T only to the extent that these provisions did not apply to the broker-dealer's security-based swap positions or activities prior to expansion of the definition of "security" to include security-based swaps.

²³ 15 U.S.C. 78o(c)(3).

²⁴ 17 CFR 240.15c3-1.

²⁵ 17 CFR 240.15c3-1a through 15c3-1g.

²⁶ 17 CFR 240.15c3-3.

²⁷ 17 CFR 240.15c3-3a.

Rule 15c3-4,²⁸ regarding internal risk management control systems for OTC derivatives dealers.²⁹

2. Expiring Temporary Exemptions Relating to Security-Based Swap Recordkeeping Rules

The Commission is extending the Expiring Temporary Exemptions for the following Exchange Act provisions until the earliest compliance date set forth in any final rules regarding recordkeeping and reporting requirements for security-based swap dealers and major security-based swap participants:³⁰

- Section 17(a),³¹ regarding broker-dealer obligations to make, keep and furnish information; Section 17(b),³² regarding broker-dealer records subject to examination; Exchange Act Rules 17a-3 through 17a-5,³³ regarding records to be made and preserved by broker-dealers and reports to be made by broker-dealers; Exchange Act Rule 17a-11,³⁴ regarding notifications that broker-dealers are required to make; and Exchange Act Rule

²⁸ 17 CFR 240.15c3-4.

²⁹ Under the approach of preserving the *status quo*, the Exchange Act Exemptive Order provided registered broker-dealers a limited exemption from Section 15(c)(3) and Rules 15c3-1 and 15c3-3 only to the extent that these provisions did not apply to the broker-dealer's security-based swap positions or activities prior to expansion of the definition of "security" to include security-based swaps. However, the limited exemption from Rule 15c3-3 is not available for registered broker-dealers' activities and positions related to cleared security-based swaps, to the extent that a broker-dealer is a member of a clearing agency that functions as a central counterparty for security-based swaps, and holds customer funds or securities in connection with cleared security-based swaps.

³⁰ See 15 U.S.C. 78o-10(f).

³¹ 15 U.S.C. 78q(a).

³² 15 U.S.C. 78q(b).

³³ 17 CFR 240.17a-3 through 17a-5.

³⁴ 17 CFR 240.17a-11.

17a-13,³⁵ regarding quarterly security counts to be made by certain exchange members and broker-dealers.³⁶

3. Expiring Temporary Exemptions Relating to Broker-Dealer Registration Requirements

The Commission is extending the Expiring Temporary Exemptions that relate to the registration requirements under section 15(a)(1) of the Exchange Act³⁷ and the other requirements of the Exchange Act and the rules and regulations thereunder that apply to a broker or dealer that is not registered with the Commission³⁸ until the later of the compliance dates set forth in (i) any final rules regarding capital, margin and segregation requirements for security-based swap dealers and major security-based swap participants³⁹ or (ii) any final rules regarding recordkeeping and reporting requirements for security-based swap dealers and major security-based swap participants.⁴⁰

³⁵ 17 CFR 240.17a-13.

³⁶ Under the approach of preserving the *status quo*, the Exchange Act Exemptive Order provided registered broker-dealers a limited exemption from Sections 17(a) and (b), Rules 17a-3 through 17a-5, and Rule 17a-13 only to the extent that these provisions did not apply to the broker-dealer's security-based swap positions or activities prior to expansion of the definition of "security" to include security-based swaps.

³⁷ 15 U.S.C. 78o(a)(1).

³⁸ The Exchange Act Exemptive Order excluded from the exemption (1) the "broker" registration requirements of Section 15(a)(1) (and other Exchange Act requirements that apply to a non-registered broker) for broker activities involving security-based swaps by persons that are members of a clearing agency that functions as a central counterparty for security-based swaps and that holds customer funds and securities in connection with security-based swaps; and (2) the "dealer" registration requirements of Section 15(a)(1) (and other Exchange Act requirements that apply to a non-registered dealer) for security-based swaps dealing activities unless those activities involve counterparties that meet the definition of an eligible contract participant.

³⁹ *See supra* note 19.

⁴⁰ *See* 15 U.S.C. 78o-10(f).

4. Expiring Temporary Exemption Relating to Trade Acknowledgement Rule

The Commission is extending the Expiring Temporary Exemption for Exchange Act Rule 10b-10,⁴¹ regarding confirmation of transactions, until the earliest compliance date set forth in any final rules regarding trade acknowledgement and verification of security-based swap transactions.⁴²

5. Expiring Temporary Exemption Relating to Regulation ATS

The Commission is extending the Expiring Temporary Exemption for Regulation ATS,⁴³ regarding the regulatory requirements that apply to alternative trading systems, until the earliest compliance date set forth in any final rules regarding the registration of the security-based swap execution facilities.⁴⁴

III. Solicitation of Comments

The Commission believes that it would be useful to continue to provide interested parties the opportunity to comment on any aspect of the temporary exemptions contained in the Exchange Act Exemptive Order, this Order extending the Expiring Temporary Exemptions, and

⁴¹ 17 CFR 240.10b-10.

⁴² In January 2011, the Commission proposed the Trade Acknowledgement Rule which would govern the way in which certain security-based swap transactions would be acknowledged and verified by the parties. Under the proposed rule, security-based swap dealers and major security-based swap participants would have to provide to their counterparties a trade acknowledgement detailing information specific to the transaction. The Commission also proposed a limited exemption from the requirements of Exchange Act Rule 10b-10 for security-based swap dealers and major security-based swap participants that confirm their security-based swap transactions in compliance with the Trade Acknowledgement Rule. The proposed exemption is intended to avoid the duplicative requirements of having to comply with both Exchange Act Rule 10b-10 and the proposed Trade Acknowledgement Rule.

⁴³ 17 CFR 242.300 *et seq.*

⁴⁴ In February 2011, the Commission proposed the Security-Based Swap Execution Facility Rules which, if adopted, will create a registration framework for security-based swap execution facilities, as well as, establish rules governing these entities.

any additional relief that should be granted upon the expiration of the extension of the Expiring Temporary Exemptions, including:

1. Is the distinction between whether an exemption is “not directly linked” to any security-based swap rulemaking or is “related” to security-based swap rulemaking appropriate in connection with the extension of the Expiring Temporary Exemptions? Are there additional Expiring Temporary Exemptions that should be linked to the adoption of any specific security-based swap rulemakings?

2. Is additional exemptive relief necessary or appropriate in light of the ongoing implementation of the Dodd-Frank Act? Are there particular Exchange Act provisions, for which relief has already been granted, that do not warrant a continuing exemption? Are there particular Exchange Act provisions, for which relief has not previously been granted, that warrant exemptions?

Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission’s Internet comment form (<http://www.sec.gov/rules/exorders.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number S7-27-11 on the subject line; or
- Use the Federal eRulemaking Portal (<http://www.regulations.gov>). Follow the instructions for submitting comments.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549–1090.

All submissions should refer to File Number S7-27-11. This file number should be included on the subject line if e-mail is used. To help us process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/exorders.shtml>). Comments are also available for website viewing and printing in the Commission's Public Reference Room, 100 F St. NE, Washington, DC 20549 on official business days between the hours of 10 a.m. and 3 p.m. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

IV. Conclusion

IT IS HEREBY ORDERED, pursuant to Section 36 of the Exchange Act, that the Expiring Temporary Exemptions contained in the Exchange Act Exemptive Order in connection with the revisions of the Exchange Act definition of "security" to encompass security-based swaps are extended until the earlier of three years following the effective date of this Order or, until such time that the Commission issues an order or rule determining whether continuing exemptive relief is appropriate for security-based swap activities with respect to any of the Expiring Temporary Exemptions, except as set forth below:

(a) The following exemptions are extended until the compliance date set forth in any final rules regarding capital, margin and segregation requirements for security-based swap dealers and major security-based swap participants:

- (1) Section 7;
- (2) Section 15(c)(3);
- (3) Regulation T, 12 CFR 220.1 *et seq.*;

- (4) Rule 15c3-1;
- (5) Rule 15c3-3; and
- (6) Rule 15c3-4.

(b) The following exemptions are extended until the compliance date set forth in any final rules regarding recordkeeping and reporting requirements for security-based swap dealers and major security-based swap participants:

- (1) Section 17(a);
- (2) Section 17(b);
- (3) Rule 17a-3;
- (4) Rule 17a-4;
- (5) Rule 17a-5;
- (6) Rule 17a-11; and
- (7) Rule 17a-13.

(c) The exemption pertaining to Rule 10b-10 is extended until the compliance date set forth in any final rules regarding trade acknowledgement and verification of security-based swap transactions.

(d) The exemption pertaining to Regulation ATS, 17 CFR 242.300 *et seq.*, is extended until the compliance date set forth in any final rules regarding the registration of security-based swap execution facilities.

(e) The following exemptions are extended until the later of the compliance dates set forth in (i) any final rules regarding capital, margin and segregation requirements for security-based swap dealers and major security-based swap participants and (ii) any final rules regarding

recordkeeping and reporting requirements for security-based swap dealers and major security-based swap participants:

(1) Exemptions pertaining to the “broker” registration requirements of section 15(a)(1) of the Exchange Act, and the other requirements of the Exchange Act and the rules and regulations thereunder that apply to a broker that is not registered with the Commission, solely in connection with broker activities involving security-based swaps, and

(2) Exemptions pertaining to the “dealer” registration requirements of section 15(a)(1) of the Exchange Act, and the other requirements of the Exchange Act and the rules and regulations thereunder that apply to a dealer that is not registered with the Commission, solely in connection with dealing activities involving security-based swaps with counterparties that meet the definition of eligible contract participant as set forth in section 1a(12) of the Commodity Exchange Act.

By the Commission.

Elizabeth M. Murphy
Secretary