Press Release

SEC Proposes Rules to Include Certain Significant Market Participants as “Dealers” or “Government Securities Dealers”

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Washington D.C., March 28, 2022 — The Securities and Exchange Commission today proposed two rules that would require market participants, such as proprietary (or principal) trading firms, who assume certain dealer functions, in particular those who as act as liquidity providers in the markets, to register with the SEC, become members of a self-regulatory organization (SRO), and comply with federal securities laws and regulatory obligations.

“I was pleased to support this proposal because I believe it reflects Congress’s statutory intent that firms engaging in important liquidity-providing roles in the securities markets, including in the U.S. Treasury market, be registered with the Commission,” said SEC Chair Gary Gensler. “Further, requiring all firms that regularly make markets, or otherwise perform important liquidity-providing roles, to register as dealers or government securities dealers also could help level the playing field among firms and enhance the resiliency of our markets.”

If adopted, the proposed rules, Exchange Act Rules 3a5-4 and 3a44-2, would further define the phrase “as a part of a regular business” in Sections 3(a)(5) and 3(a)(44) of the Act to identify certain activities that would cause persons engaging in such activities to be “dealers” or “government securities dealers” and subject to the registration requirements of Sections 15 and 15C of the Act, respectively.

Under the proposed rules, any market participant that engages in activities as described in the rules would be a “dealer” or “government securities dealer” and, absent an exception or exemption, required to: register with the Commission under Section 15(a) or Section 15C, as applicable; become a member of an SRO; and comply with federal securities laws and regulatory obligations, including as applicable, SEC, SRO, and Treasury rules and requirements.

The proposal will be published on SEC.gov and in the Federal Register. The public comment period will remain open for 60 days following publication of the proposing release on the SEC’s website or 30 days following publication of the proposing release in the Federal Register, whichever period is longer.

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Related Materials

- Rule Proposal
- Fact Sheet

- Chair Gensler Statement