



# Investment Services Regulatory Update

June 2022  
Monthly Version

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# New Rules, Proposed Rules, Guidance and Alerts

## PROPOSED RULES

### SEC Proposes Amendments to Fund Names Rule

On May 25, 2022, the SEC issued a proposal to amend the investment company names rule, Rule 35d-1 under the Investment Company Act of 1940, in a manner intended to enhance and modernize the rule to reflect changes in industry practice since the initial adoption of the rule.

Under Section 35(d) of the Investment Company Act, it is unlawful for a registered fund to bear a name that includes words the SEC finds materially deceptive or misleading. In 2001, to implement this statutory provision, the SEC adopted Rule 35d-1. As adopted, the rule prohibits the use in a fund's name of terminology suggesting that the fund or its securities are issued, guaranteed, sponsored, recommended or approved by the U.S. government. The rule also provides that a fund's name may not suggest that a fund invests its assets in a particular industry or group of industries, or in a particular country or geographic region, unless the fund adopts a policy to invest, under normal circumstances, at least 80% of its assets in the investments suggested by its name. This 80% investment policy must be either "fundamental," meaning that it cannot be changed without shareholder approval, or one that can be changed only after at least 60 days' prior notice has been given to shareholders. Finally, the rule provides that a fund's name may not suggest that the fund's distributions are exempt from federal or state income tax unless the fund adopts a fundamental policy either to invest at least 80% of its assets in securities producing tax-exempt income or to invest in assets 80% of the income from which is tax-exempt. Also in 2001, the SEC staff issued guidance in the form of frequently asked questions regarding the operation of Rule 35d-1 and further elaborating on what the staff viewed as materially deceptive or misleading fund naming conventions.

The proposed amendments to Rule 35d-1 would build on the existing names rule framework with the following modifications and additions:

- The rule would be expanded to provide that a fund whose name suggests that it invests its assets in investments that have, or whose issuers have, particular characteristics would be required to adopt a policy to invest at least 80% of its net assets in the investments suggested by its name. This would bring within the scope of the names rule funds whose names suggest a focus on "growth" or "value" and funds whose names suggest that a consideration of environmental, social and governance (ESG) factors plays a role in the fund's investment decisions.
- The amended rule would specify the conditions under which a fund may deviate from its 80% investment policy, provided the fund returns to compliance as soon as reasonably practicable. Such a deviation would be permitted for a period of up to 30 consecutive days as a result of significant market fluctuations or other circumstances not involving the fund's buying and selling of portfolio investments, as a result of significant cash inflows or redemptions or to take a temporary position in cash, cash equivalents or government securities to avoid losses in light of adverse market, political or other conditions. A fund would also be able to deviate from its 80% investment policy during its first 180 days of operation or to reposition its portfolio for a reorganization or in anticipation of a previously announced change to its 80% investment policy.
- The amended rule would specify that derivative instruments that provide exposure to the investments suggested by a fund's name as well as to one or more market risk factors associated with the investments suggested by the fund's name may be used to determine compliance with the 80% investment policy. For this purpose, funds would be required to value derivatives at their notional amount rather than at market value.
- Under the amended rule, the use of ESG terminology in a fund's name would be deemed materially deceptive and misleading if the fund considers both ESG and non-ESG factors in making investment decisions in a manner such that ESG factors may not be determinative in decisions to include or exclude investments from the fund's portfolio.
- The amended rule would specify that a shareholder vote would be required to amend any 80% investment policy of a closed-end fund or business development company whose shares are not listed for trading on a national securities exchange.

- Finally, the proposal would also impose certain enhanced disclosure requirements, including the definition in a fund’s prospectus of terms used in the fund’s name, and impose certain additional recordkeeping requirements regarding names rule compliance.

Comments on the proposal will be due 60 days after publication of the proposing release in the Federal Register.

The SEC’s proposing release is available [here](#), and a fact sheet is available [here](#).

## SEC Proposes Rule and Form Amendments to Enhance Disclosures by Advisers and Funds About ESG Investment Practices

On May 25, 2022, the SEC issued proposed amendments to rules and reporting forms to require certain advisers and funds to provide additional information regarding their environmental, social and governance (ESG) investment practices. Seeking to mitigate the risk of exaggerated claims of the role of ESG factors in disclosures—known as “greenwashing”—and to enable investors to more easily compare funds and advisers in an area of increased interest, the SEC’s proposal would impose standardized disclosure requirements regarding ESG strategies in fund registration statements, the management discussion of fund performance in fund annual reports and adviser brochures.

The SEC’s proposal contemplates specific disclosure requirements based on certain categories of ESG investment strategies—and subsets thereof—with the level of detail required of any given fund or adviser dependent on the extent to which ESG factors are considered in the investment decision-making process. Additionally, for funds, the SEC’s proposal seeks to implement a layered disclosure approach—i.e., with brief, specified disclosures in the summary section of the prospectus, or for closed-end funds, information that would precede other disclosures in the same item, followed by more detailed information later in the prospectus. The SEC’s proposed categorization scheme and the related disclosure requirements are summarized below.

The proposal was issued on the same day that the SEC voted to propose changes to the fund names rule—Rule

35d-1 under the Investment Company Act of 1940—and reflect the heightened regulatory interest in and scrutiny of disclosures concerning ESG investment practices.

### Proposed Fund Disclosure Requirements

To enhance the comparability and reliability of disclosures and enable investors to make more informed investment decisions, the SEC’s proposal would institute a uniform disclosure framework for funds that consider ESG factors in their investment process. The specific requirements would vary depending on whether a fund is categorized as an “Integration Fund,” “ESG-Focused Fund” or “Impact Fund” as follows:

#### INTEGRATION FUNDS

- **Definition.** An Integration Fund is a fund that considers one or more ESG factors alongside other, non-ESG factors in its investment decisions, but those ESG factors are generally no more significant than other factors in the investment selection process, such that ESG factors may not be determinative in deciding to include or exclude any particular investment in the portfolio.
- **Brief Disclosure Requirement.** An Integration Fund must summarize in a few sentences how the fund incorporates ESG factors into its investment selection process, including what ESG factors the fund considers. This disclosure would be required in an open-end fund’s summary section of its prospectus and in a closed-end fund’s general description of the fund in its prospectus.
  - For example, an Integration Fund might include a summary narrative of how it incorporates ESG factors or provide an example illustrating how ESG factors are considered with other non-ESG factors.
- **More Detailed Disclosure Requirement.** To complement the concise description required in an open-end fund’s summary section or, for a closed-end fund, in the general description of the fund, an Integration Fund must provide a more detailed description of how it incorporates ESG factors in an open-end fund’s statutory prospectus or later in a closed-end fund’s prospectus.
- **Additional Disclosure Requirements for Integration Funds That Consider Greenhouse Gas (GHG) Emissions.** For Integration Funds that consider GHG emissions, the fund must provide more detailed information in the statutory prospectus, or later in a closed-end fund’s prospectus, regarding how the fund considers the GHG emissions of its portfolio holdings.

This additional disclosure must include a description of the methodology that the fund uses as part of its consideration of portfolio company GHG emissions.

- For example, an Integration Fund that considers GHG emissions might disclose that it considers the GHG emissions of portfolio companies within only certain “high emitting” market sectors, such as the energy sector.

**ESG-FOCUSED FUNDS AND IMPACT FUNDS**

- **Definition—ESG-Focused Funds.** An ESG-Focused Fund is a fund that focuses on one or more ESG factors by using them as a significant or main consideration (1) in selecting investments or (2) in its engagement strategy with the companies in which it invests.
  - The proposed definition would include, among others, any fund that: tracks an ESG-focused index; applies a filter to include or exclude investments based on industry and ESG considerations; or has a policy of voting its proxies and engagement with management of portfolio companies to encourage ESG practices or outcomes.
  - The proposed definition also includes any fund that markets itself as having an ESG focus (e.g., “ESG,” “green,” “sustainable” or “socially conscious”).
- **Definition—Impact Funds.** An Impact Fund is a fund that seeks to achieve a specific ESG impact or impacts. Impact Funds are a sub-set of ESG-Focused Funds.

- As examples, the SEC’s proposing release refers to: a fund that invests with the goal of seeking current income while also furthering the fund’s goal of financing the construction of affordable housing; a fund that invests with the goal of seeking to advance the availability of clean water by investing in industrial water treatment and conservation portfolio companies.

- **Required ESG Strategy Overview Table in Prospectus.** ESG-Focused Funds, including Impact Funds, would provide key information about their consideration of ESG factors in a tabular format—an ESG Strategy Overview table—in the fund’s prospectus.
  - An open-end fund would include the table at the beginning of its “risk/return summary”—the section summarizing key information about the fund’s investments, risks and performance.
  - A closed-end fund would include the table at the beginning of the discussion of the fund’s organization and operation.

The ESG Strategy Overview table would be included in the format presented below.

The bracketed statements in the table describe the related disclosure requirements for each row.

<p><b>Overview of the Fund’s [ESG] Strategy</b></p>	<p>[Include a concise description of the factor or factors that are the focus of the fund’s strategy]</p> <p>The Fund engages in the following to implement its [ESG] Strategy:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Tracks an index</li> <li><input type="checkbox"/> Applies an inclusionary screen</li> <li><input type="checkbox"/> Applies an exclusionary screen</li> <li><input type="checkbox"/> Seeks to achieve a specific impact</li> <li><input type="checkbox"/> Proxy voting</li> </ul> <p>[Check only if such strategy is a “significant” means of implementing the Fund’s ESG strategy.]</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Engagement with issuers</li> </ul> <p>[Check only if such strategy is a “significant” means of implementing the Fund’s ESG strategy.]</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Other</li> </ul>
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<p>How the Fund incorporates [ESG] factors in its investment decisions</p>	<p><b><u>[For all ESG-Focused Funds]</u></b>  [Summarize how the fund incorporates ESG factors into its process for evaluating, selecting or excluding investments.]</p> <p>[Provide specific information with respect to each of the common ESG strategies applicable to the fund as identified by the “check the box” disclosure in the first row above.]</p> <p><b><u>[For ESG-Focused Funds that apply inclusionary/exclusionary screens]</u></b>  [Briefly explain the factors the screen applies; and state the percentage of the portfolio, in terms of net asset value, to which the screen is applied (if less than 100%), excluding cash and cash equivalents held for cash management. If applicable, the fund must also briefly explain why the screen applies to less than 100% of the portfolio.]</p> <p><b><u>[For ESG-Focused Funds using an internal methodology or a third-party data provider, or combination in evaluating investments]</u></b>  [Describe how the fund uses the methodology, third-party data provider, or combination of both, as applicable.]</p> <p><b><u>[For ESG-Focused Funds that follow a third-party ESG framework or principles]</u></b>  [Provide an overview of the third-party ESG standards that the fund follows as part of its investment process—e.g., United Nations Principles for Responsible Investing.]</p> <p><b><u>[For ESG-Focused Funds that track an index]</u></b>  [Identify and briefly describe the index and how it utilizes ESG factors in determining its constituents.]</p> <p><b><u>[For Impact Funds only]</u></b>  [Provide an overview of the impact(s) the fund is seeking to achieve, and how the fund is seeking to achieve the impact(s). The overview must include: (i) how the fund measures progress toward the specific impact, including the key performance indicators the fund analyzes, (ii) the time horizon the fund uses to analyze progress, and (iii) the relationship between the impact the fund is seeking to achieve and financial return(s).]</p>
<p>How the Fund votes proxies and/ or engages with companies about [ESG] issues</p>	<p>[A fund that checks either the proxy voting or engagement with issuers box in the first row above must provide a brief narrative overview of how the fund engages with portfolio companies on ESG issues.]</p> <p>[A fund that does not check the box in the first row would still be required to include this item in the ESG Strategy Overview Table and would disclose that neither proxy voting nor engagement with issuers is a significant part of its investment strategy.]</p> <p>[For funds using proxy voting or other engagement as a significant portion of its strategy—i.e., those that check one or both boxes above—they must also disclose:</p> <ul style="list-style-type: none"> <li>• whether the fund has specific or supplemental proxy voting policies and procedures that include one or more ESG considerations, and if so, state which ESG considerations those policies and procedures address; and</li> <li>• the objectives that the fund seeks to achieve with its engagement strategy.]</li> </ul>

- ESG-Focused Funds (including Impact Funds) would be required to complete each of the rows above with only the information required by the relevant form instructions.
  - To facilitate a layered disclosure approach, an ESG-Focused Fund would provide lengthier disclosure elsewhere in the prospectus.
  - In electronic versions of the prospectus, the fund would also be required to include hyperlinks in the table to the related, more detailed disclosure elsewhere in the prospectus.
- **Impact Fund Investment Objective Requirement.** In addition to the additional disclosures required for an Impact Fund in the ESG Strategy Overview table, an Impact Fund would be required to disclose in its investment objective the ESG impact that the fund seeks to generate with its investments.

#### REQUIRED ANNUAL REPORT DISCLOSURES

In addition to the prospectus disclosure requirements, the SEC's proposal would create common disclosure requirements in annual reports—within the management's discussion of fund performance (MDFP) section—specifically tailored to categories of ESG-Focused Funds as follows:

- **Impact Funds.** Impact Funds would be required to discuss:
  - the fund's progress on achieving its impact in both qualitative and quantitative terms during the reporting period; and
  - the key factors that materially affected the fund's ability to achieve its impact.
- **ESG-Focused Funds That Use Proxy Voting Significantly.** Funds for which proxy voting is a significant means of implementing their ESG strategy would be required to disclose the percentage of ESG-related voting matters during the reporting period for which the fund voted in furtherance of the initiative.
  - The fund would be required to refer investors to the fund's full voting record filed on Form N-PX by providing a cross-reference/hyperlink to its most recent filing.
- **ESG-Focused Funds That Engage with Issuers Significantly.** Funds for which engagement with issuers on ESG issues through means other than proxy

voting is a significant means of implementing their ESG strategy would be required to disclose:

- the number or percentage of issuers with which the fund held ESG engagement meetings during the reporting period related to one or more ESG issues; and
- the total number of ESG engagement meetings.
  - The SEC proposes to define "ESG engagement meeting" as a substantive discussion with management of an issuer advocating for one or more specific ESG goals to be accomplished over a given time period, where progress that is made toward meeting such goal is measurable, that is part of an ongoing dialogue with management regarding this goal.
- **All ESG-Focused Funds That Consider Environmental Factors.** Must disclose the carbon footprint and weighted average carbon intensity (WACI) of the fund's portfolio.
  - A fund would not be required to disclose its GHG emissions metrics if it affirmatively states in the ESG Strategy Overview table in the fund's prospectus that it does not consider issuers' GHG emissions as part of its investment strategy.

#### Proposed Adviser Disclosure Requirements

Investment advisers that consider ESG factors as part of their advisory business would be required to include specific, standardized disclosures regarding their ESG strategies (similar to those for registered funds discussed above) in their Form ADV.

- **ESG Strategy Disclosure.** An adviser would be required to provide a description of the ESG factor(s) considered for each significant investment strategy or method of analysis, including whether and how the adviser incorporates these factors when providing investment advice.
  - Similar to the proposed requirement for funds, an adviser would be required to include an explanation of whether and how it employs integration and/or ESG-focused strategies, and if ESG-focused, whether and how the adviser also employs ESG impact strategies.
- If an adviser uses, for any significant strategy, criteria or a methodology to evaluate, select, or exclude investments based on the consideration of

ESG factors, it must describe those criteria and/or methodologies and how it uses them.

- Proposed sub-Item 8.D to Form ADV Part 2A (the adviser brochure) would require advisers that consider ESG factors to disclose whether and how they use, among other things, the following:
  - An internal methodology, a third-party criterion or methodology such as a scoring provider or framework, or a combination of both, including an explanation of how the adviser evaluates the quality of relevant third-party data;
  - An inclusionary or exclusionary screen, including an explanation of the factors the screen applies, such as particular industries or business activities it seeks to include or exclude and if applicable, what exceptions apply to the inclusionary or exclusionary screen; and
  - An index, including the name of the index and a description of the index and how the index utilizes ESG factors in determining its constituents.

- **ESG Provider Relationships.** An adviser would be required to describe any relationship or arrangement that is material to the adviser's advisory business or to its clients that the adviser or any of its management persons have with any related person that is an ESG consultant or other ESG service provider.
- **ESG Considerations in Proxy Voting.** Advisers that have specific voting policies or procedures that include one or more ESG considerations when voting client securities must include in their brochures a description of which ESG factors they consider and how they consider them.

#### WRAP FEE BROCHURE DISCLOSURE REQUIREMENTS

The SEC's proposal also contemplates ESG disclosure requirements for wrap fee program brochures—i.e., Form ADV Part 2A, Appendix 1.

- Advisers that consider ESG factors in their wrap fee programs must provide a description of what ESG factors they consider, and how they incorporate the factors under each program.
- Advisers that consider ESG factors when selecting, reviewing or recommending portfolio managers within the wrap fee program they sponsor must describe the ESG factors they consider and how they consider them.

- In addition, advisers would be required to:
  - Describe any criteria or methodology they use to assess portfolio managers' applications of the relevant ESG factors into their portfolio management;
  - Provide an explanation of whether they review, or whether a third party reviews, portfolio managers' applications of the relevant ESG factors; and
  - If applicable, explain that neither the adviser nor a third party assesses the portfolio managers' application of the relevant ESG factors into their portfolio management, and/or that the portfolio managers' applications of the relevant ESG factors may not be calculated, compiled, assessed or presented on a uniform and consistent basis.

#### TIMING AND COMMENT PERIOD

The SEC has proposed (i) a one-year transition period following the effective date of any adopted amendments for proposed disclosure requirements in prospectuses and adviser brochures; and (ii) an 18-month transition period following the effective date of any adopted amendments for proposed disclosures in shareholder reports.

Comments on the proposal will be due 60 days after publication of the proposing release in the Federal Register.

The SEC's proposing release is available [here](#), and a fact sheet is available [here](#).

## SEC's ESG Proposal Includes Proposed Reporting Requirement for All Index Funds—Whether ESG-Focused or Not

Included within the SEC's 362-page proposing release—issued on May 25, 2022 and seeking to implement standardized ESG-related disclosures for funds and advisers—is a proposed reporting amendment that would apply to all index funds, regardless of whether or not the fund tracks an ESG-related index. Specifically, the SEC is proposing amendments to Form N-CEN that would require index funds to report certain identifying information about the indexes they track.



Form N-CEN currently requires any fund that tracks the performance of an index to identify itself as an index fund and provide certain information about the index. The SEC's proposal would require all index funds to report the name and legal entity identifier (LEI), if any, or provide and describe any other identifying number of the indexes the funds track.

The SEC's proposing release suggests that the amendment would enable the SEC, investors and other market participants to more efficiently identify the use of particular indexes across the fund industry. Specifically, the SEC believes that an LEI—a unique and unchanging number—would provide more accurate identification of an index than its name alone since different sources may use different variations on an index's name.

Comments on the proposal will be due 60 days after publication of the proposing release in the Federal Register.

The SEC's proposing release is available [here](#).

## OTHER REGULATORY DEVELOPMENTS

### FINRA Requests Comment on Sales Practices for Complex Products—and the ICI Pushes Back

On March 8, 2022, FINRA published a regulatory notice reminding broker-dealers of their regulatory obligations with the sale of complex products and options to retail investors and requesting comment on potential new regulations. Noting that the current regulatory framework governing sales practices of complex products and options was adopted at a time when most individuals accessed financial products through financial professionals, rather than through self-directed platforms, FINRA solicited industry comment generally on whether the current framework is appropriately tailored to address concerns raised by such products. The comment period closed on May 9, 2022.

The Investment Company Institute was among the industry participants and organizations that submitted comments. The ICI's letter expressed support for FINRA's overarching objective of protecting investors and ensuring the appropriateness of investments. However,

the ICI “strongly oppose[d]” additional requirements on transactions in funds that FINRA may deem to be a “complex product.” The ICI asserted that imposing new requirements on fund transactions—if deemed to involve a complex product—would:

- undermine the current disclosure-based securities law framework;
  - result in “unnecessary” and “unprecedented” restrictions given “the robust regulatory regime of the Investment Company Act”; and
  - lead to arbitrary results given the broad description of “complex product.”
- To illustrate its contention that the scope of “complex products” is overly broad, the ICI noted that FINRA has at one point or another deemed various investments to be “complex” or difficult for investors to understand, including, among others: closed-end funds, global real estate funds, multi-strategy funds, funds using derivatives for hedging or leverage, target-date funds, and funds investing in IPOs.
  - The ICI suggested that the scope of FINRA's “complex products” would capture approximately two out of every five funds and 22 percent of total U.S. fund assets.

FINRA's regulatory notice is available [here](#). The ICI's comment letter is available [here](#).

# Litigation and Enforcement Developments

## ENFORCEMENT DEVELOPMENTS

### SEC Enforcement Division to Increase Size of Crypto Assets and Cyber Unit

On May 3, 2022, the SEC's Division of Enforcement announced that it will seek to add 20 additional positions to its Crypto Assets and Cyber Unit (formerly known as the Cyber Unit), a special unit tasked with protecting investors in crypto markets and from cyber-related threats. With these additional personnel, the unit will have 50 dedicated positions, including supervisors, investigative staff attorneys, trial counsels and fraud analysts, located in Washington, D.C. and in many regional offices. The expanded unit will focus on investigating violations of the federal securities laws relating to offerings and other transactions in crypto assets, as well as crypto exchanges, decentralized finance platforms, non-fungible tokens (NFTs) and stablecoins.

According to an SEC press release, since its formation in 2017, the unit has brought more than 80 enforcement actions in connection with fraudulent and unregistered crypto offerings and platforms, resulting in more than \$2 billion in penalties and disgorgement. Additionally, the unit will continue to investigate and bring enforcement actions relating to inadequate cybersecurity controls at public companies and other SEC registrants and to focus on issues such as proper disclosure of cyber-related risks and incidents.

The SEC's press release is available [here](#).

### Investment Adviser's Enforcement Proceeding Results in Mutual Fund Industry Disqualification

On May 17, 2022, the SEC announced administrative proceedings against an investment adviser involving a fraudulent scheme to conceal the risks and performance of a complex options trading strategy that lost billions of dollars for various institutional investors. In connection with the announcement, criminal charges were filed against the adviser and three former senior portfolio managers. The adviser agreed to plead guilty to the criminal charges and settle the SEC's administrative proceedings as part of an integrated, global resolution, including more than \$1 billion to settle the SEC charges and over \$5 billion in restitution.

As a result of the guilty plea—and because the SEC did not grant a waiver of disqualification under Section 9 of the Investment Company Act—the investment adviser was automatically and immediately disqualified from providing advisory services to registered funds for the next ten years. The SEC's press release announcing the settlement stated that the adviser would exit the business of providing advisory services to registered funds, following a brief transition period to allow impacted funds to engage a new adviser.

The SEC's press release is available [here](#).

# Public Statements, Press Releases and Testimony

## SEC Chair Gary Gensler Provides Remarks at ISDA Annual Meeting

On May 11, 2022, SEC Chair Gary Gensler delivered prepared remarks at the International Swaps and Derivatives Association's (ISDA) annual meeting. Mr. Gensler noted the emergence of swaps in the 1980s as a tool for market participants to lock in prices of underlying instruments and rates and recognized that a well-functioning swap market benefits the economy. However, highlighting the role swaps played in the 1998 failure of Long Term Capital Management, the 2008 financial crisis and the 2021 failure of a large family office, he emphasized the importance of the implementation of swap market reform under Dodd-Frank, including with respect to security-based swaps over which the SEC has authority. In this regard, he discussed the SEC's ongoing efforts to propose and adopt rules to promote risk reduction, transparency and integrity in markets for security-based swaps.

Mr. Gensler also discussed the use of derivatives in connection with crypto assets. He reiterated the SEC's view that most crypto tokens are securities subject to

the SEC's jurisdiction, meaning that offerings to retail investors must be registered with the SEC and effected on a national securities exchange and that swap transactions based on crypto assets are security-based swaps subject to SEC regulation. He noted that ISDA is developing legal standards for crypto derivatives and that the SEC has brought, and will continue to bring, enforcement actions involving retail offerings of crypto-related security-based swaps.

Finally, Mr. Gensler discussed the use of derivatives in structured and complex investment products, including leveraged and inverse ETFs and products linked to volatility indices. He stated that these products can pose significant risks even to sophisticated investors and have the potential to create system-wide risks during periods of market volatility or stress. Highlighting recent enforcement actions, he emphasized that firms offering these products to the public must comply with regulatory requirements related to marketing and sales practices, valuation and risk management, and that although the listing and trading of these products may be consistent with the federal securities laws they may not be appropriate for all investors. Furthermore, he noted the impending compliance date for Rule 18f-4, the SEC's derivatives rule, and that he has asked the SEC staff to focus on the use of derivatives by registered investment companies to ensure they are in compliance with applicable rules.

Mr. Gensler's remarks are available [here](#).

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Vedder Price's Investment Services Group has received a 2021 Go-To Thought Leadership Award from the National Law Review in recognition of the Group's regular securities law thought leadership contributions and outstanding analysis of issues affecting the asset management industry.

## VedderPrice

### Investment Services Group

With significant experience in all matters related to design, organization and distribution of investment products, Vedder Price can assist with all aspects of investment company and investment adviser securities regulations, compliance issues, derivatives and financial product transactions, and ERISA and tax inquiries. Our highly experienced team has extensive knowledge in structural, operational and regulatory areas, coupled with a dedication to quality, responsive and efficient service.

This Regulatory Update is only a summary of recent information and should not be construed as legal advice. This communication is published periodically by the law firm of Vedder Price. It is intended to keep our clients and other interested parties generally informed about developments in this area of law. It is not a substitute for professional advice. For purposes of the New York State Bar Rules, this communication may be considered

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