

Legal + Market Intelligence

SEC Considers NYSE Proposal to Permit Direct Listings

Sullivan & Cromwell LLP Staff | Sep 26

Sullivan & Cromwell LLP - The SEC issued an order instituting proceedings to determine whether to approve or disapprove a proposed rule filed by the NYSE to amend Section 102.01B of the NYSE Listed Company Manual to permit qualifying private companies to list upon effectiveness of a Securities Exchange Act of 1934 registration statement without a concurrent IPO or registration under the Securities Act of 1933. Under the proposal, companies would need to receive an independent valuation of at least \$250 million to satisfy the listing requirement. [Read More](#)

Regulatory Monitor: FINRA Update

Elizabeth A. Marino | Sep 26

Sidley Austin LLP - The US Securities and Exchange Commission recently approved amendments to Financial Industry Regulatory Authority Rule 2232, which will “require member firms to disclose additional transaction-related information to retail customers for trades in certain fixed income securities the amount of mark-up or mark-down it applies to trades with retail customers in corporate or agency debt securities if the member also executes an off setting principal trade in the same security on the same trading day.” The amendments are not effective until May 14, 2018; however, FINRA has already issued guidance regarding the amendments and has also indicated that additional guidance may be forthcoming. [Read More](#)

ICOs Are More Than a Token Gesture: An Assessment of Some of the Key Considerations for Issuers of and Investors in ICOs

Martin Bartlam | Sep 26

DLA Piper LLP - With total amounts raised in initial coin offerings this year exceeding US\$2 billion and a number of sales coming forward each month, there is an understandable interest in the operation of this new phenomenon. In addition to private investors, the funds world is taking interest with a number of hedge funds already investing in portfolios and building strategies based on cryptocurrencies and token offerings. This interest in the technology is only likely to increase. [Read More](#)

Structured Thoughts: News for the Financial Services Community, Volume 8, Issue 7

Bradley Berman | Sep 26

Morrison & Foerster LLP - This report features a roundup of developments in the structured finance industry. Topics include: LIBOR: The end game; New EU prospectus regulations: Impact on structured notes offered in the EEA; KIDs and the U.S. securities laws; FINRA fines broker-dealers for sales of non-traditional ETFs. [Read More](#)

SEC Issues Pay Ratio Guidance

John J. Cannon | Sep 26

Shearman & Sterling LLP - With the first required pay ratio disclosures only a few months away, the Commission, on September 21, 2017, issued an interpretative release intended to assist registrants in their compliance efforts. The guidance in the interpretive release is both welcome and helpful. The key elements of the interpretive release include: Using reasonable estimates, assumptions or methodologies would not provide the basis for an enforcement action unless disclosures were made or reaffirmed without a reasonable basis or not done so in good faith. [Read More](#)

News

Private Equity May Win in U.S. Republicans' Tax Plan

Amanda Becker | Sep 26

Reuters - U.S. President Donald Trump's promise to close the "carried interest" tax break that benefits some of Wall Street's wealthiest financiers could be defanged if his administration proceeds with an exemption for certain firms. Treasury Secretary Steven Mnuchin recently hinted at a possible exemption to allow partners of financial firms that "create jobs" to continue taking advantage of the tax break. [Read More](#)

SEC Launches Dual Protection Initiatives

Markets Media Staff | Sep 26

Markets Media - The Securities and Exchange Commission has launched two initiatives that will build on its Enforcement Division's ongoing efforts to address cyber-based threats and protect retail investors, according to SEC officials. The creation of a Cyber Unit that will focus on targeting cyber-related misconduct and the establishment of a retail strategy task force that will implement initiatives that directly affect retail investors reflect SEC Chairman Jay Clayton's priorities in these important areas. [Read More](#)

CFTC Urged to Boost Cybersecurity, Stretch Budget Dollars

Tom Zanki | Sep 26

Law360 - Deterring cybersecurity threats and stretching limited budget dollars rank among the biggest challenges facing management at the Commodity Futures Trading Commission, the futures market regulator's internal auditor wrote in a letter released on Monday. CFTC Inspector General Roy Lavik, in his annual letter on the most serious threats facing the agency, reiterated his recommendation last year that the CFTC improve its intelligence sharing with registrants in order to better manage cybersecurity threats. [Read More](#)

The Morning Risk Report: The Case for Cybersecurity Automation Over Training

Ben DiPietro | Sep 25

The Wall Street Journal - Many cybersecurity experts tout the training of employees as one of the best moves a company can make to protect itself better against all the world's cyberthreats, but the chief executive of one cybersecurity firm says training only goes so far and doesn't provide much resilience to firms. Kevin O'Brien, CEO of GreatHorn, which provides products to help firms identify and prevent social engineering and phishing attacks in their emails, said companies would be better served by automating their cybersecurity programs to protect networks and data before employees can click on a corrupt link or respond to a phishing request. [Read More](#)

MiFID Research Rules Have Nordic Regulators as Muddled as Banks

Frances Schwartzkopff | Sep 26

Bloomberg - Scandinavian regulators are warning finance professionals that they're unlikely to get the clarity they crave on MiFID II before it takes effect in just over three months. By design, Europe's revision of the Markets in Financial Instruments Directive gives local regulators some freedom to decide what to tell banks and asset managers about how to comply. Swedish and Danish officials say that's making it hard to provide the kind of guidance that market participants expect in one area of MiFID II in particular: inducements. [Read More](#)

Carmignac Warns MiFID II Will Disadvantage European Asset Managers

Attracta Mooney | Sep 27

Financial Times - Carmignac, the €61 billion investment house, has warned that an industry-wide move to cover the cost of research from asset managers' own pockets will have dire consequences for Europe's fund sector. The French asset manager said a shift towards absorbing the cost of research when European rules known as MiFID II come into force in January would damage the quality of research available and hurt competition in the industry. [Read More](#)

Post-January Blues: The Real MiFID II Work Is yet to Begin

Daniel Carpenter | Sep 27

Financial News - After months of deliberation over whether or not fund managers should get out their wallets to absorb research costs, it appears the majority of the buy-side has finally decided it is decision time. After all, there is now less than 100 days until MiFID II comes into force. From BlackRock to Franklin Templeton, a number of the bulge-bracket asset managers have recently decided to cough up research costs from their own profit and loss accounts. [Read More](#)

Citi Is Bringing Back One of the Most Infamous Bets of the Credit Crisis

Sridhar Natarajan | Sep 26

Bloomberg - This time, Citigroup says, it's doing things differently. The deals are tailored in a way that insulates it from any losses, while giving yield-starved buyers a chance to reap returns of 20 percent or more. The market today is also just a fraction of its size before the crisis, and few see corporate defaults surging any time soon. But as years of rock-bottom interest rates have pushed investors toward riskier products, the revival of synthetic CDOs may be one of the clearest signs yet of froth in the credit markets. [Read More](#)

This New Accounting Rule Could Radically Change How Some Companies Recognize Revenue

Tien Tzuo | Sep 27

MarketWatch - New accounting standards ASC 606 and IFRS 15 will force companies to completely re-evaluate when and how they account for their revenue. Right now, thousands of accountants are scouring through old contracts to determine whether their sales need to be booked differently. [Read More](#)