

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-77400)

March 18, 2016

Order Granting a Temporary Exemption Pursuant to Section 36 of the Securities Exchange Act of 1934 from Compliance with Rules 13n-1 to 13n-12 under the Securities Exchange Act of 1934

I. Introduction

On June 15, 2011, the Securities and Exchange Commission (“Commission”) issued an exemptive order that provided guidance and certain exemptions with respect to the requirements under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”) that had an effective date of July 16, 2011 (i.e., the effective date of Title VII).¹ With respect to Commission regulation of security-based swap data repositories (“SDR”), the DFA Effective Date Order provided exemptions from Exchange Act Sections 13(n)(5)(D)(i), 13(n)(5)(F), 13(n)(5)(G), 13(n)(5)(H), 13(n)(7)(A), 13(n)(7)(B), and 13(n)(7)(C), each of which will expire on the earlier of (1) the date the Commission grants registration to an SDR and (2) the earliest compliance date set forth in any of the final rules regarding the registration of SDRs.² The DFA Effective Date Order also provided an exemption from Exchange Act Section 29(b) with respect to provisions of the Exchange Act amended or added by subtitle B of the Dodd-Frank Act for which compliance is triggered by registration or by adoption of final rules by the Commission, or for which the Commission has provided an exception or exemptive relief, until

¹ See Temporary Exemptions and Other Temporary Relief, Together With Information on Compliance Dates for New Provisions of the Exchange Act Applicable to Security-Based Swaps, Exchange Act Release No. 64678 (June 15, 2011), 76 FR 36287 (June 22, 2011) (the “DFA Effective Date Order”).

² See DFA Effective Date Order, 76 FR at 36306.

such date as the Commission specifies.³ Absent other Commission action, these exemptions relevant to SDRs (“SDR Relief”) will expire as of March 18, 2016, as further explained below.

In February 2015, the Commission adopted Rules 13n-1 to 13n-12 under the Exchange Act to govern SDRs (the “SDR Rules”). The SDR Rules became effective on May 18, 2015.⁴ The SDR Rules Release states that SDRs must be in compliance with the SDR Rules by March 18, 2016, which is 365 days after publication of the SDR Rules in the Federal Register (the “SDR Rules Compliance Date”).⁵ The SDR Rules Release also notes that (1) absent an exemption, any SDR must be registered with the Commission and in compliance with the federal securities laws and the rules and regulations thereunder (including the applicable Dodd-Frank Act provisions and all of the SDR Rules) by the SDR Rules Compliance Date, and (2) all exemptions that the Commission provided in the DFA Effective Date Order will expire on the compliance date, including the exemptions set forth in the DFA Effective Date Order.⁶ The SDR Rules govern the SDR registration process, duties, and core principles. The 12 core SDR Rules establish a framework for SDRs to register with the Commission by filing a new Form SDR, and require an SDR to update its Form SDR when any information becomes inaccurate. The SDR Rules also provide a process for the Commission to cancel or revoke the registration of an SDR.

In addition to the requirements set forth in the SDR Rules, there are a number of regulatory requirements applicable to SDRs once registered under Regulation SBSR, which was

³ See DFA Effective Date Order, 76 FR at 36305-36306.

⁴ See Exchange Act Release No. 74246 (Feb. 11, 2015), 80 FR 14438 (Mar. 19, 2015) (“SDR Rules Release”).

⁵ See SDR Rules Release, 80 FR at 14456.

⁶ See id.

adopted by the Commission at the same time as the SDR Rules.⁷ Regulation SBSR provides for the reporting of security-based swap information to registered SDRs, and the public dissemination of security-based swap transaction, volume, and pricing information by registered SDRs. Rule 907 of Regulation SBSR requires a registered SDR to establish and maintain written policies and procedures for carrying out its duties under Regulation SBSR.⁸

II. Discussion

The Commission is using its authority under Section 36 of the Exchange Act to grant a temporary exemption from compliance with the SDR Rules until June 30, 2016 and to extend the SDR Relief so that it will expire on the earlier of (1) the date the Commission grants registration to an SDR and (2) June 30, 2016. The temporary exemption is designed to help facilitate the potential submission of any SDR applications.

Subject to certain exceptions, Section 36 of the Exchange Act⁹ authorizes the Commission, by rule, regulation, or order, to exempt, either conditionally or unconditionally, 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 that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors. The Commission finds that it is necessary and appropriate in the public interest, and consistent with the protection of investors to grant a temporary exemption from compliance with the SDR Rules until June 30, 2016. The SDR Rules implement mandates under Title VII of the Dodd-Frank Act and govern the SDR registration process, duties and core principles.

⁷ See Exchange Act Release No. 74244 (Feb. 11, 2015), 80 FR 14563 (Mar. 19, 2015).

⁸ See 17 CFR 242.907.

⁹ 15 U.S.C. 78mm.

The Commission notes that the SDR Rules Compliance Date is less than one month away. The Commission believes that granting the temporary exemption along with an extension of the SDR Relief will give additional time to potential SDR registrants to thoroughly develop and prepare a complete application for registration. Notices of completed Forms SDR will be published to afford interested persons an opportunity to submit written comments concerning such application.¹⁰ Given the SDR Rules Compliance Date, the temporary exemption should also provide staff sufficient time to analyze adequately any application materials that may be submitted.

II. Conclusion

Accordingly, the Commission hereby grants, pursuant to Section 36 of the Exchange Act, a temporary exemption from compliance with the SDR Rules until June 30, 2016, and an extension of the SDR Relief such that it will expire on the earlier of (1) the date the Commission grants registration to an SDR and (2) June 30, 2016.

By the Commission.

Brent J. Fields
Secretary

¹⁰ In the SDR Rules Release, the Commission stated that if a person files an amendment to its application for registration after the Commission has already published notice of the filing of its Form SDR and the Commission finds that the amendment renders the prior filing materially incomplete, then the 90-day period pursuant to Rule 13n-1(c) will reset from the time that the Commission deems the amended application to be complete for the Commission's review.