

## **SEC Proposes Rule Amendments to Remove References to Credit Ratings From Certain Exchange Act Rules**

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On April 27, 2011, the Securities and Exchange Commission ("SEC") issued proposed rules to remove certain references to credit ratings from the SEC's rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). With its proposal, the SEC implements Section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), which requires the SEC to "remove any reference to or requirement of reliance on credit ratings" from its regulations. The rules which would be impacted by the proposal are the Net Capital Rule and the Customer Protection Rule (both applicable to registered broker-dealers); Regulation M (an anti-manipulation rule applicable to distributions of securities); the instructions to the Financial and Operational Combined Uniform Single Report, or FOCUS Report, filed by registered broker-dealers; and, the rule governing the content of confirmations of securities trades which are required to be sent by broker-dealers to their customers.