Dodd-Frank: SEC Policy Statement on the Sequencing of Compliance Dates for the Final Rules Applicable to Security-Based Swaps

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Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"), and the Securities Exchange Act of 1934 as amended by Dodd-Frank (the "Exchange Act"), establish the basis for the regulation of security-based swaps ("SB swaps") and SB swap market participants in order to make that market more transparent, efficient, fair, and competitive. In a release dated June 11, 2012, the Securities and Exchange Commission ("SEC") proposed a general policy on the sequencing of compliance dates for the final rules applicable to SB swaps and SB swap market participants under Subtitle B of Title VII of Dodd-Frank ("Subtitle B"). The SEC divided the compliance dates for those final rules into five interconnected categories:

(i) definitional and cross-border SB swap transaction rules;
(ii) rules pertaining to security-based swap data repositories, and the reporting and public dissemination of data related thereto;
(iii) rules pertaining to mandatory clearing of SB swap transactions, the end-user exception for mandatory clearing, and clearing agencies;
(iv) rules pertaining to security-based swap dealers and major security-based swap participants; and
(v) rules pertaining to mandatory trading of SB swap transactions and security-based swap execution facilities.

The SEC did not propose any compliance dates for any rule or category of rules, but instead proposed a possible, not conclusive, sequence in which compliance with the final rules will be required. A summary of the SEC's sequencing proposal follows.

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