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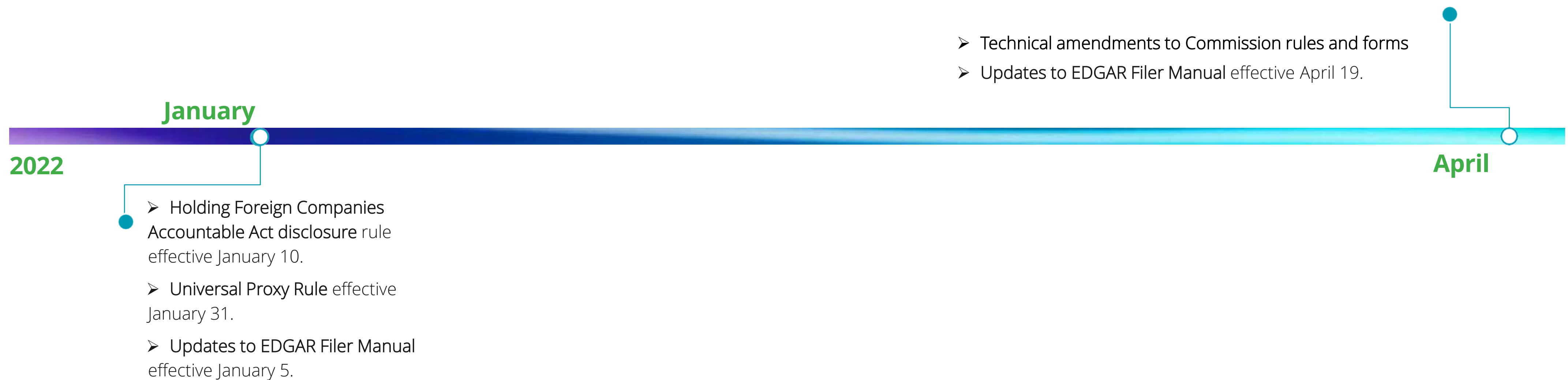
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# Executive summary

- In Q1 2022 four Securities and Exchange Commission (SEC) rule proposals became final and an additional 15 were proposed
- This is an 60% increase in rule proposals from Q4 '21
- In terms of the entities and sectors impacted by the proposed rules:
  - 20% of the rule proposals apply to investment management
  - 40% are capital markets focused
  - 20% apply to public company issuers
- Two of the proposals (or 13%) amend existing definitions of regulated entities
- At least 50% of the rule proposals extend firms' reporting obligations
- The existing proposals reflect 60% of the rule proposals anticipated by the 2022 Regulatory Outlooks
- The proposals demonstrate extension of the regulatory perimeter to climate risk, cybersecurity, and private markets

# Final rules

SEC final rules that became effective in Q1 2022.



# SEC Rule Proposals in 2022

● Approval date

● Comment deadline

January February March April May June  
W1 W2 W3 W4 W1 W2 W3 W4 W1 W2 W3 W4 W1 W2 W3 W4 W1 W2 W3 W4 W1 W2 W3 W4

## Issuer Proposals

- 10B5-1 Insider Trading Proposal
- Cyber Incident Disclosure Proposal
- Climate Disclosure Proposal

## Investment Management Proposals

- Cyber Reporting for Investment Advisers and Funds
- RIA Compliance Review Amendments

## Capital Markets Proposals

- T+1
- Short Interest Reporting
- SPAC Reporting
- Changes to Beneficial Ownership Reporting
- Security-based Swap Execution

## Registrant Definitional Proposals

- Amendments to the definition of an Exchange
- Amendments to include liquidity providers in broker-dealer definition

## Other Proposals

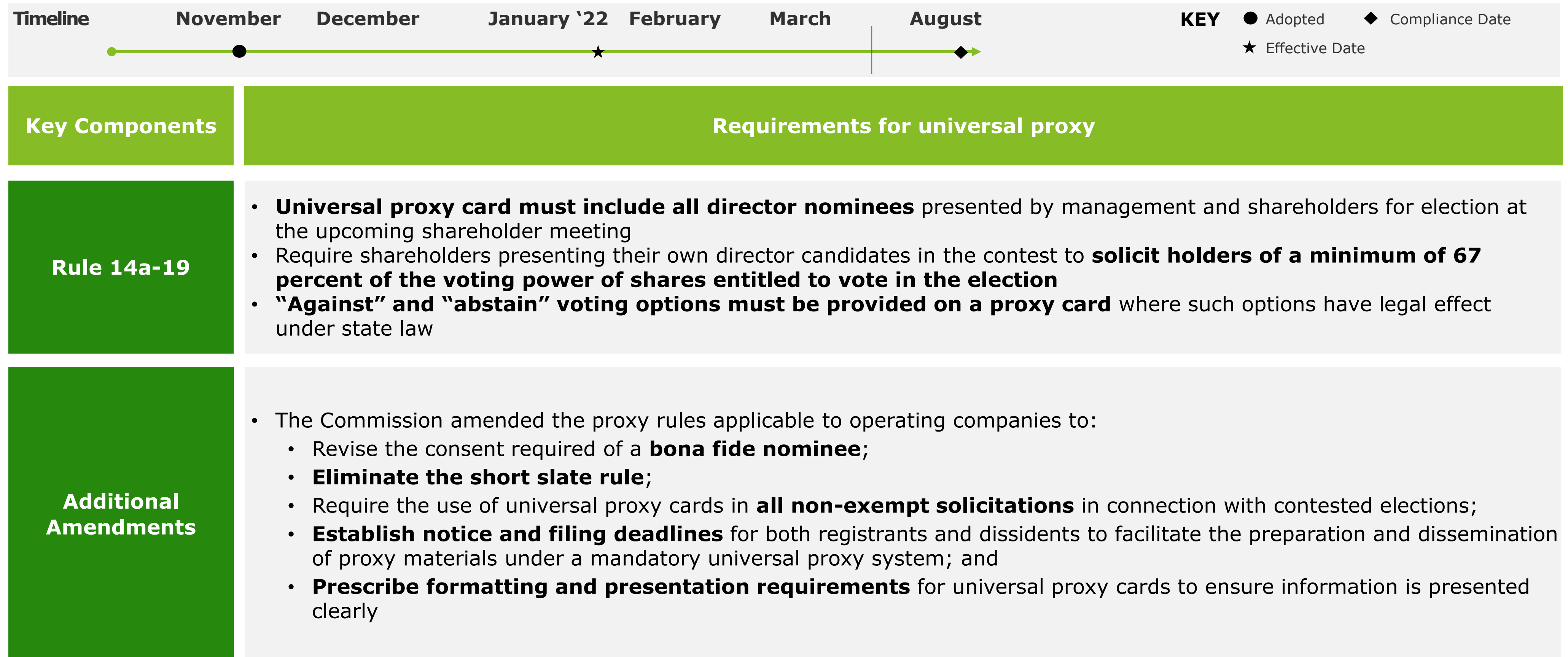
- Amendments to Form PF
- Whistleblower Rules Amendment
- Reg M Update



# Final Rules

# Universal Proxy\*

Adopted by the Commission on November 17<sup>th</sup>, 2021, the final rules will allow shareholders to vote for their preferred mix of Board candidates in contested elections.



[\\*Universal Proxy, File No. S7-24-16](#)



# Holding Foreign Companies Accountable Act Disclosure\*

Adopted by the Commission on December 2<sup>nd</sup>, 2021, the final rules will ensure auditors of foreign companies accessing U.S. capital markets play by U.S. rules.

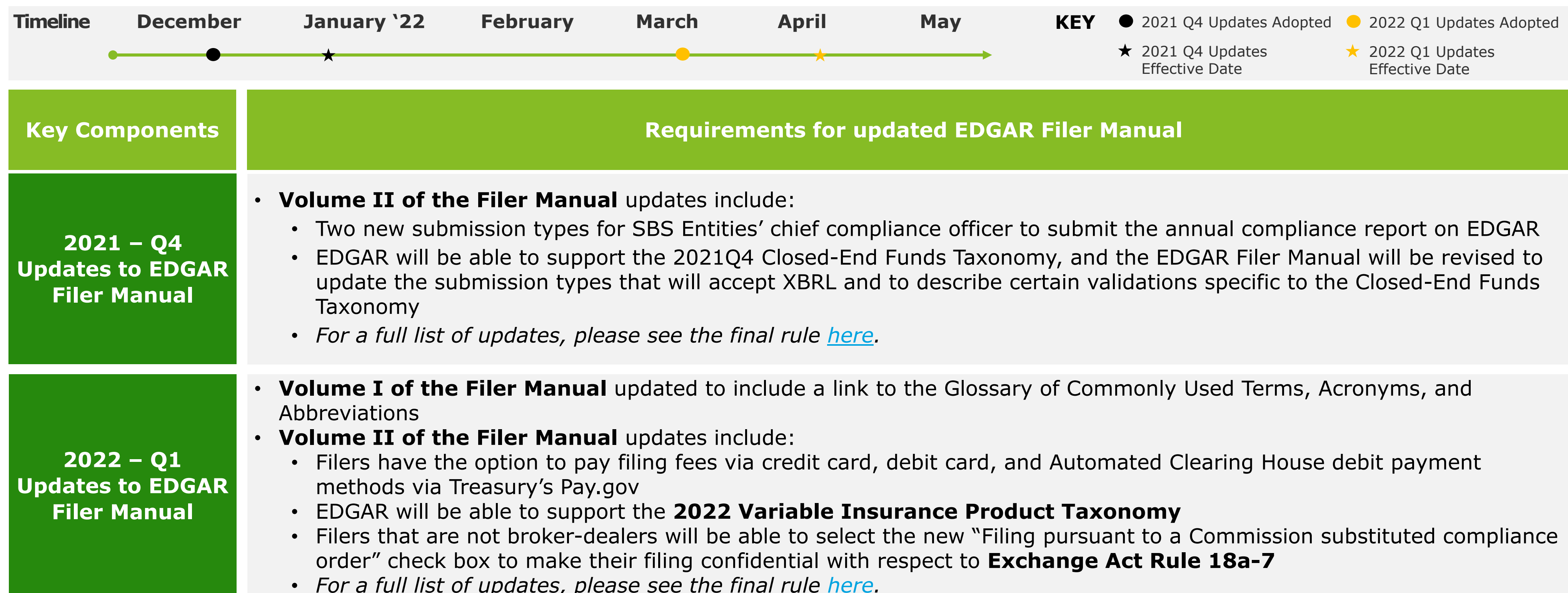


[\\*Holding Foreign Companies Accountable Act Disclosure, File No. S7-03-21](#)



# Adoption of Updated EDGAR Filing Manual\*

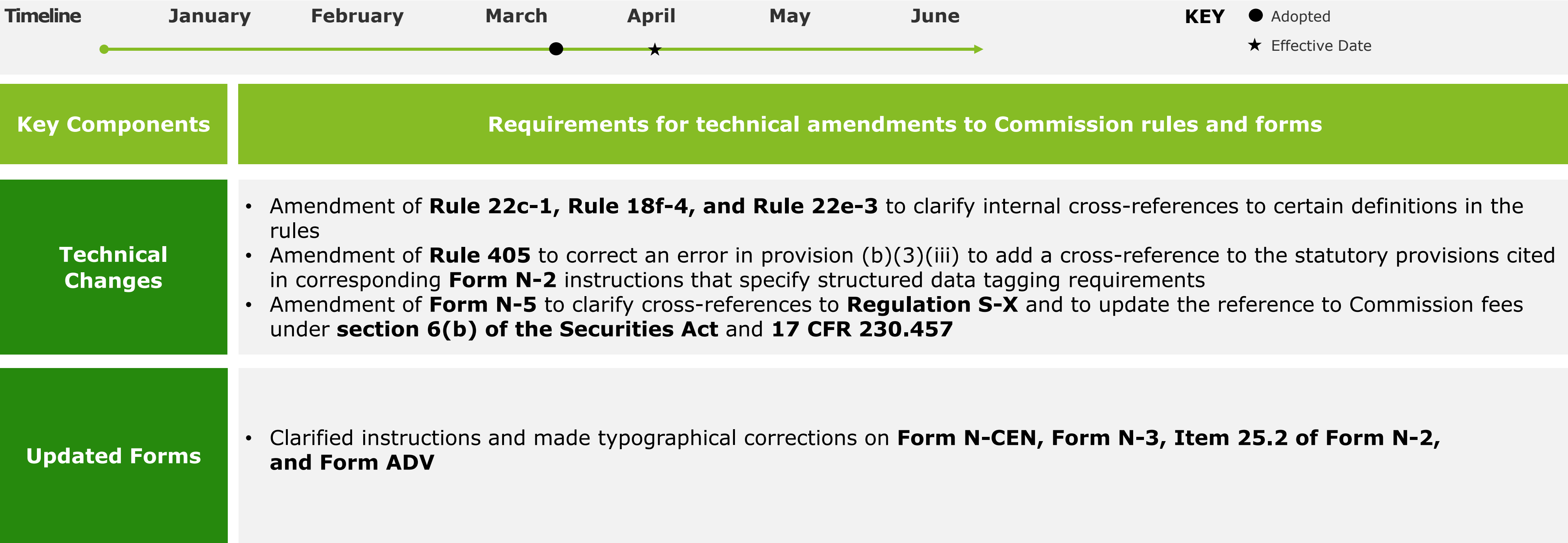
Adopted by the Commission on December 20<sup>th</sup>, 2021, and on March 21<sup>st</sup>, 2022, the Commission made updates to the EDGAR Filer Manual.



[\\*2022 Q1](#): Adoption of Updated EDGAR Filer Manual; [2021 Q4](#): Adoption of Updated Edgar Filer Manual

# Technical Amendments to Commission Rules and Forms\*

Adopted by the Commission on March 29<sup>th</sup>, 2022, the final rules will correct typographical errors, erroneous cross-references, and clarify instructions for various rules and forms under the Securities Act, the Investment Company Act, and the Investment Advisers Act.



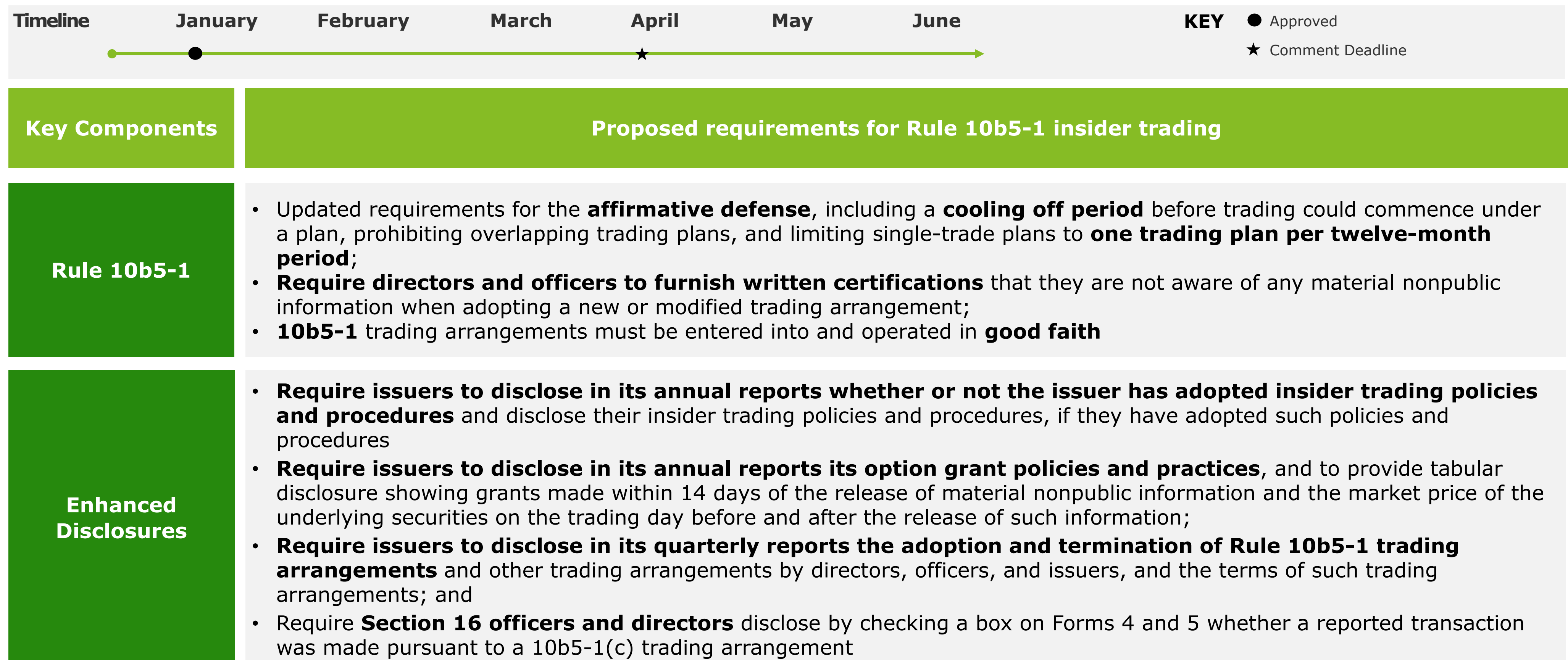
[\\*Technical Amendments to Commission Rules and Forms](#)



# Issuer Proposals

# Proposed rule for insider trading\*

Approved by the Commission on January 13<sup>th</sup>, the proposed rule would strengthen the requirements to access the affirmative defense to insider trading and improve related transparency around insider transactions on company securities.



[\\*Rule 10b5-1 and Insider Trading, Release No. 33-11013](#)

# Proposed rule for public company cybersecurity incident reporting\*

Approved by the Commission on March 9<sup>th</sup> in a 4-1 vote, the proposed rule would clarify and standardize public company disclosures regarding cybersecurity incident reporting, risk management, governance and strategy.

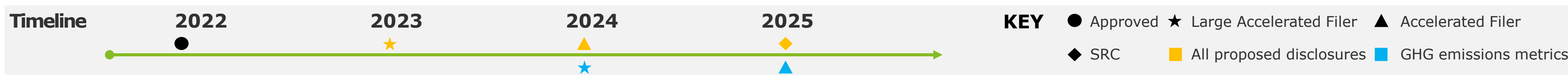


[\\*Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure, Release No. 33-11038](#)



# Proposed rule for public company climate-related reporting\*

Approved by the Commission on March 21<sup>st</sup> in a 4-1 vote, the proposed rule would clarify and standardize public company disclosures regarding climate risk issues impacting their business, including general risk management, transition risks, emissions reporting and general business outlook.



## Key Components

## Proposed requirements for climate risk reporting

### Impact of Climate Risk on Business & Strategy

- **How climate-related risks** have had or are likely to **have a material impact** on the business and consolidated financial statements **over the short-, medium-, or long-term**
- How climate-related risks have affected or are likely to **affect the firm's strategy, business model, and outlook**
- The **processes for identifying, assessing, and managing climate-related risks** and whether any such processes are integrated into the registrant's overall risk management system
- Details of a **climate transition plan** if adopted

### Emissions Reporting

- Requires reporting on direct GHG emissions (**Scope 1**) and indirect GHG emissions from purchased electricity and other forms of energy (**Scope 2**), separately disclosed, expressed both by disaggregated constituent greenhouse gases and in the aggregate, and in absolute terms, not including offsets, and in terms of intensity (per unit of economic value or production), and
- Indirect emissions from upstream and downstream activities in a registrant's value chain (Scope 3), if material, or if the registrant has set a GHG emissions target or goal that includes **Scope 3** emissions, in absolute terms, not including offsets, and in terms of intensity;

### Presentation & Attestation

- Provide the **Regulation S-K** mandated climate-related disclosure in a separate, appropriately captioned section of its registration statement or annual report;
- Provide the **Regulation S-X** mandated climate-related financial statement metrics and related disclosure in a note to its consolidated financial statements;
- Electronically tag both narrative and quantitative climate-related disclosures in **Inline XBRL**; and
- If an **accelerated or large accelerated filer**, **obtain an attestation report** from an independent attestation service provider covering, at a minimum, Scopes 1 and 2 emissions disclosure.

*\*The Enhancement and Standardization of Climate-Related Disclosures for Investor, Release No. 33-11038*

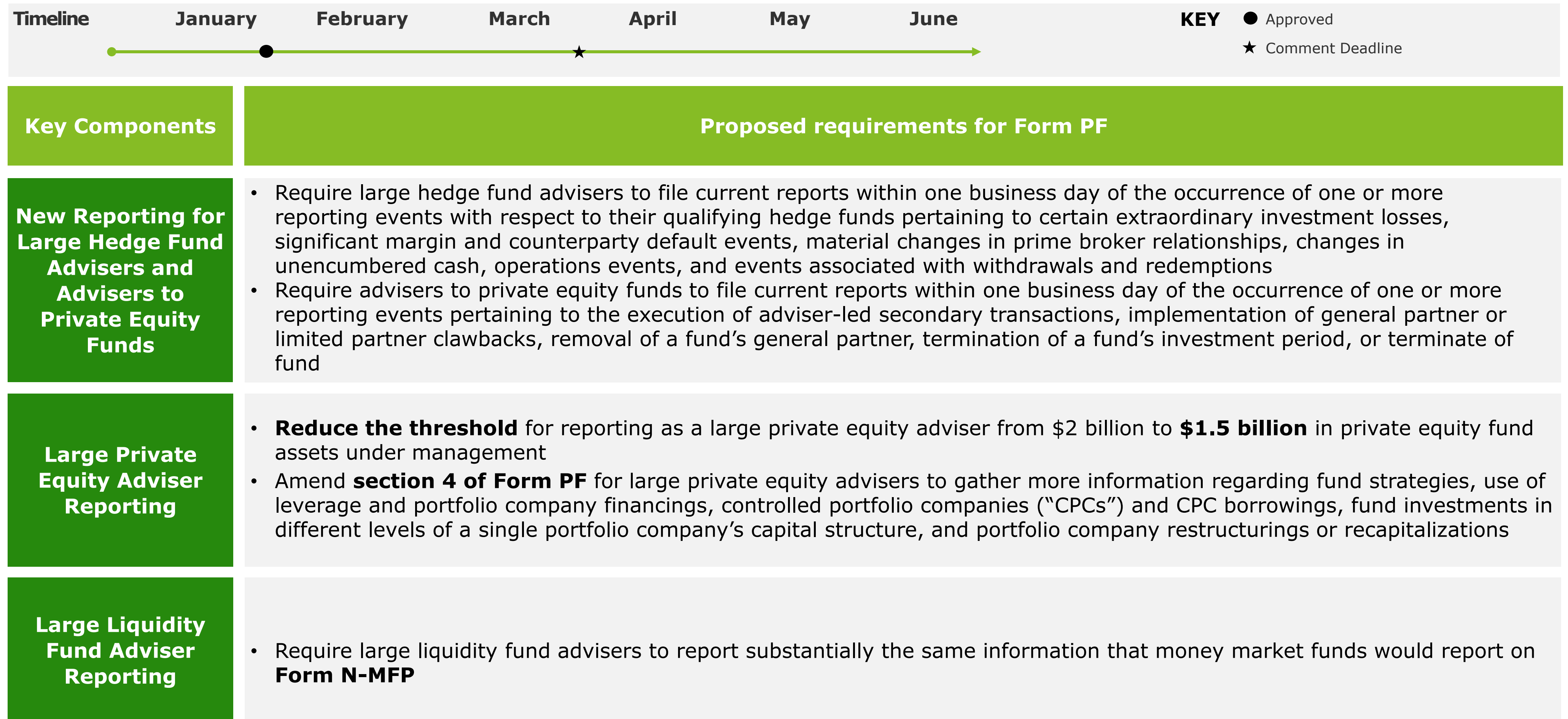




# **Investment Management Proposals**

# Proposed rule amendments to Form PF\*

Approved by the Commission on January 26<sup>th</sup>, the proposed rule would enhance the Financial Stability Oversight Council's (FSOC) ability to assess systemic risk.



[\\*Amendments to Form PF to Require Current Reporting and Amend Reporting Requirements for Large Private Equity Advisers and Large Liquidity Fund Advisers, Release No. IA-5950](#)

# Proposed rule for cybersecurity risk management for investment advisers, registered investment companies, and BDC's\*

Approved by the Commission on February 9<sup>th</sup>, the proposed rule would enhance cybersecurity preparedness and could improved investor confidence in the resiliency of advisers and funds against cybersecurity threats and attacks.

Timeline	January	February	March	April	May	June	KEY
		●		★			● Approved ★ Comment Deadline
Key Components	Proposed requirements for cybersecurity risk management						
Cybersecurity Risk Management Rules	<ul style="list-style-type: none"><li>Require advisers and funds to adopt and implement policies and procedures that are designed to address cybersecurity risks</li><li>Require advisers and funds, at least annually, to review and evaluate the design and effectiveness of their cybersecurity policies and procedures</li></ul>						
Reporting and Disclosing of Significant Cybersecurity Risks and Incidents	<ul style="list-style-type: none"><li>Require advisers to report significant cybersecurity incidents to the Commission, including on behalf of a fund or private fund client, by submitting a new <b>Form ADVC-C</b></li><li>Amend <b>Form ADV Part 2A</b> to require disclosure of cybersecurity risks and incidents to an adviser's clients and prospective clients</li><li>Require a description of any significant fund cybersecurity incidents that have occurred in the <b>last two fiscal years</b> in funds' registration statements, tagged in a <b>structured data language</b></li><li><b>For recordkeeping</b>, advisers will be required to maintain certain records related to the proposed cybersecurity risk management rules and the occurrence of cybersecurity incidents</li></ul>						

[\\*Cybersecurity Risk Management for Investment Advisers, Registered Investment Companies, and Business Development Companies, Release No. 33-11028](#)

# Proposed rule for private fund advisers and documentation of RIA compliance reviews\*

Approved by the Commission on February 9<sup>th</sup>, the proposed rule would enhance the regulation of private fund advisers (“advisers”) and to protect private fund investors (“investors”) by increasing transparency, competition, and efficiency.



[\\*Private Fund Advisers; Documentation of Registered Investment Adviser Compliance Reviews, Release No. IA-5955](#)

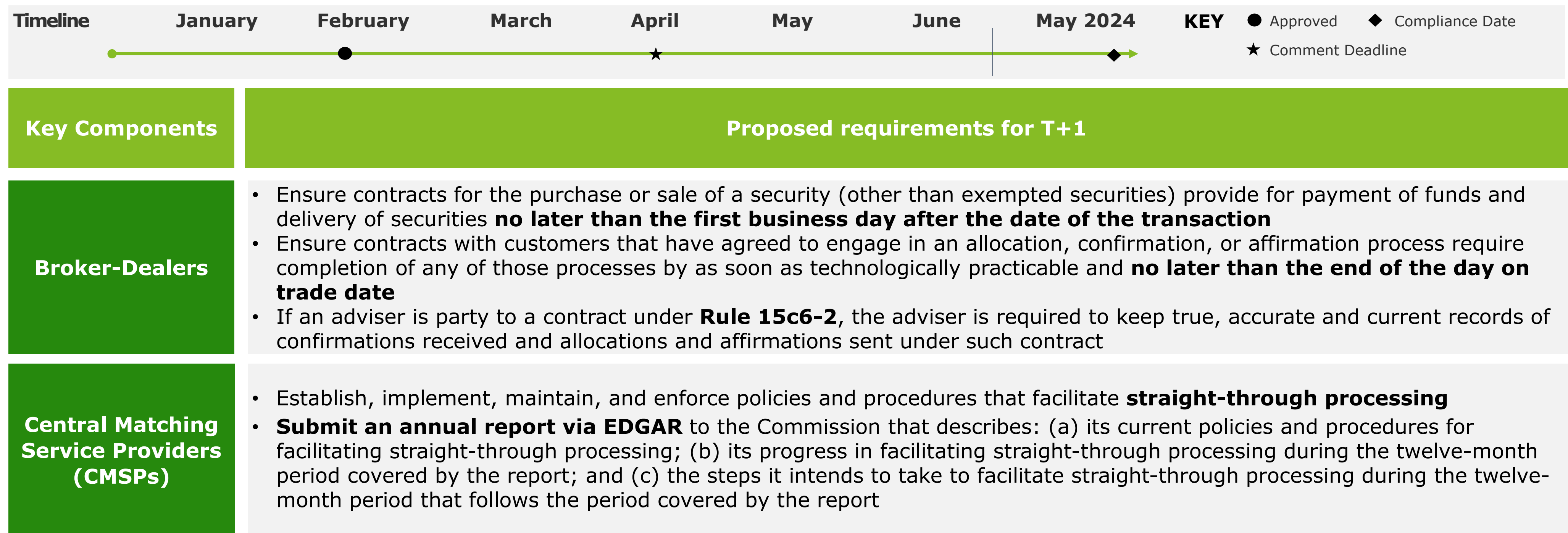




# **Capital Markets Proposals**

# Proposed rule to reduce risks in clearance and settlement\*

Approved by the Commission on February 9<sup>th</sup>, the proposed rule would reduce the credit, market, and liquidity risks in securities transactions faced by market participants and U.S. investors.

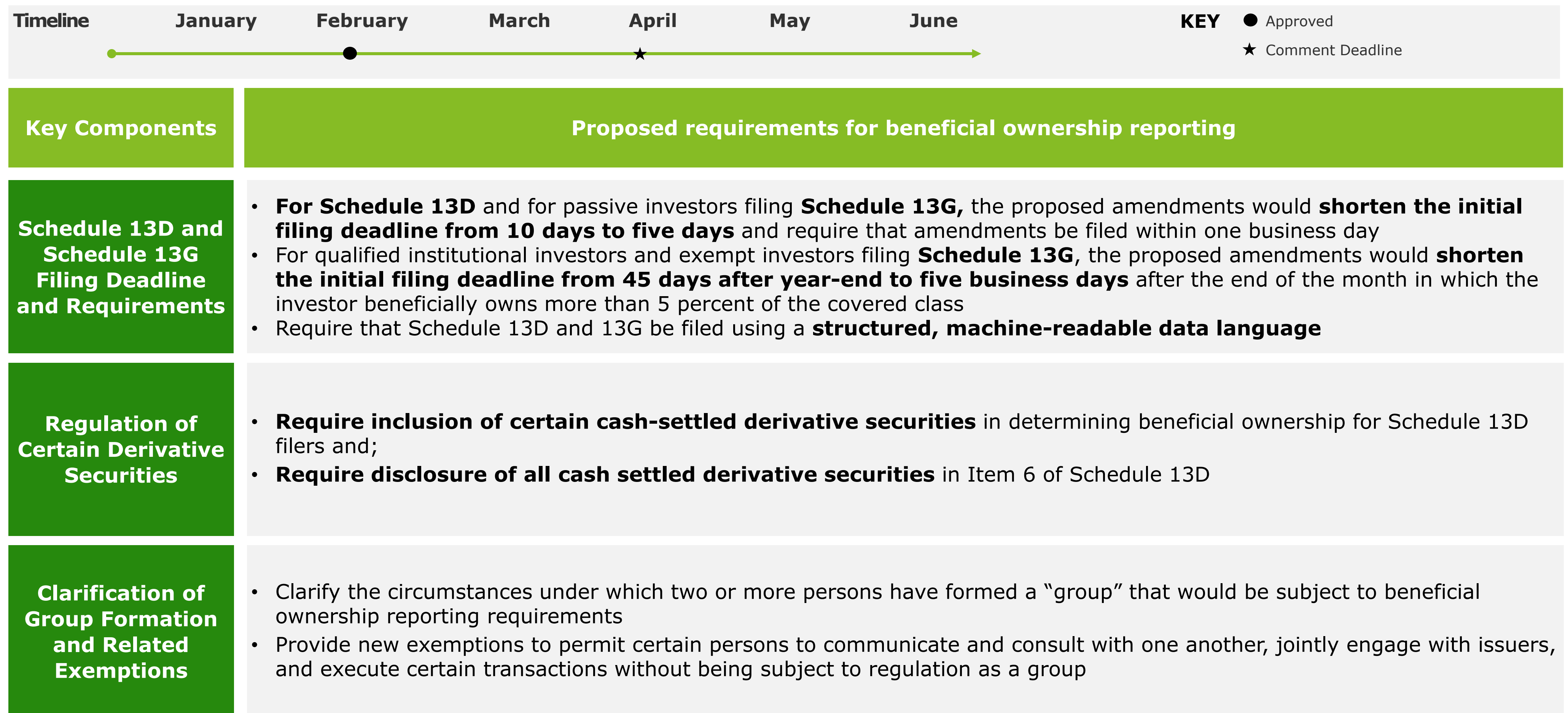


[\\*Shortening the Securities Transaction Settlement Cycle, Release No. 34-94196](#)



# Proposed rule for changes to beneficial ownership reporting\*

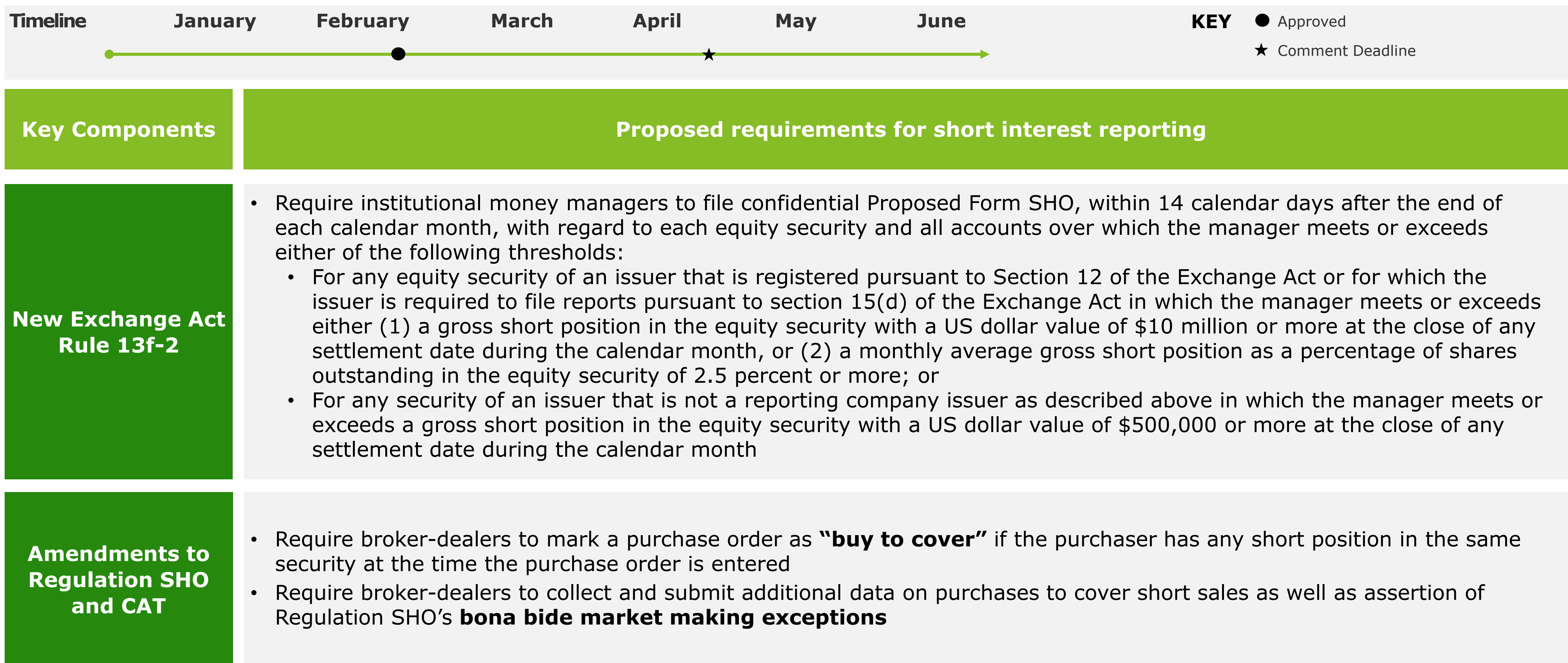
Approved by the Commission on February 10<sup>th</sup>, the proposed rule would improve transparency and provide more timely information for shareholders and the market.



[\\*Modernization of Beneficial Ownership Reporting, Release No. 33-11030](#)

# Proposed rule for short interest reporting\*

Approved by the Commission on February 25<sup>th</sup>, the proposed rule would provide greater transparency to investors and regulators by increasing the public availability of short sale related data.



[\\*Short Position and Short Activity Reporting by Institutional Investment Managers, Release No. 34-94313](#)

# Proposed rule for SPACs, shell companies, and projections\*

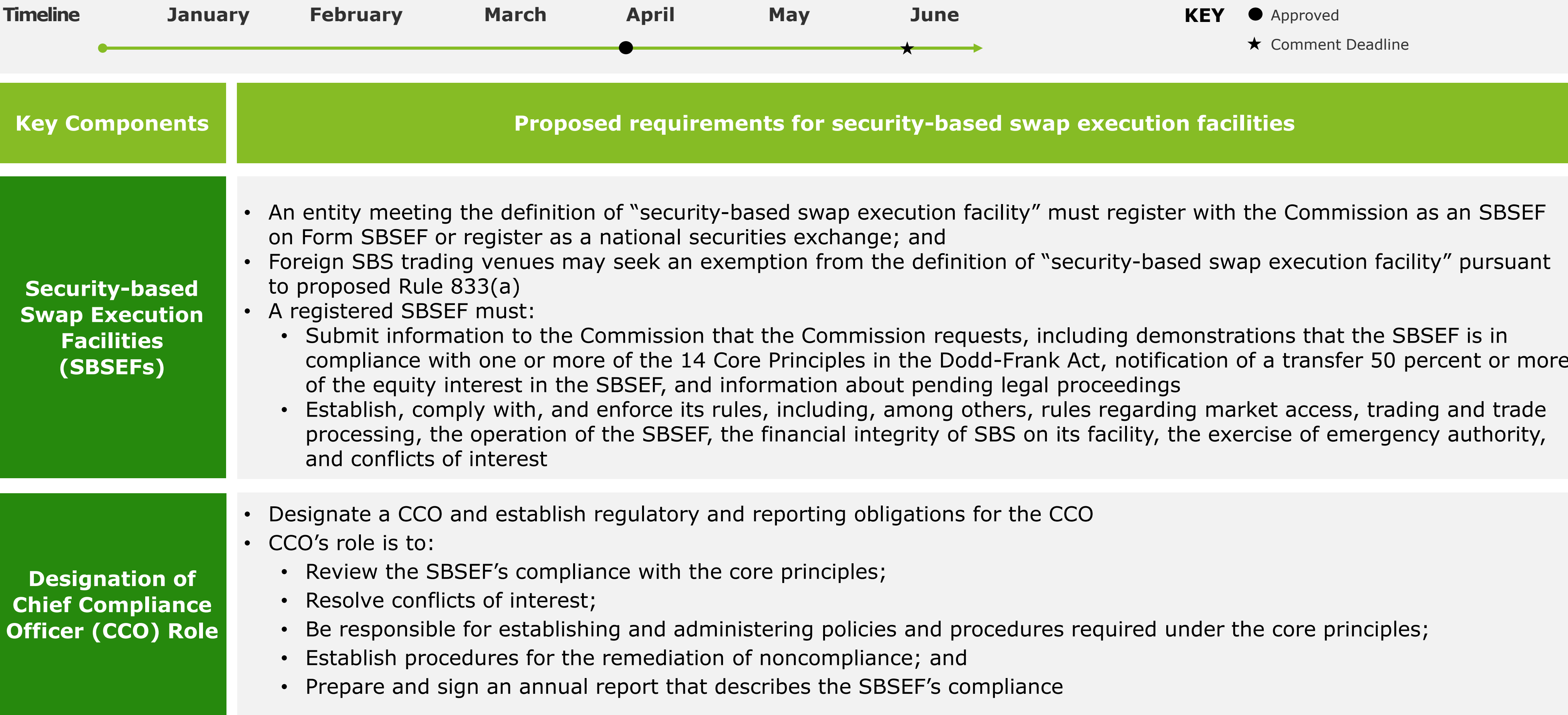
Approved by the Commission on March 30<sup>th</sup>, the proposed rule would enhance disclosure and investor protection in initial public offerings by SPACs and in business combination transactions involving shell companies, such as SPACs, and private operating companies.

Timeline	January	February	March	April	May	June	KEY
			●		★		● Approved ★ Comment Deadline
Key Components	Proposed requirements for SPACs, shell companies, and projections						
Enhancing Disclosure and Investor Protection	<ul style="list-style-type: none"><li>Requirement that the private operating company would be a co-registrant when a SPAC files a registration statement on Form S-4 or Form F-4 for a de-SPAC transaction</li><li>A re-determination of smaller reporting company status within four days following the consummation of a de-SPAC transaction</li><li>A rule that deems underwriters in a SPAC initial public offering to be underwriters in a subsequent de-SPAC transaction when certain conditions are met</li></ul>						
Business Combinations Involving Shell Companies	<ul style="list-style-type: none"><li>Deem by rule that a business combination transaction involving a reporting shell company and another entity that is not a shell company constitutes a sale of securities to the reporting shell company's shareholders for purposes of the Securities Act; and</li><li>Better align the required financial statements of private operating companies in transactions involving shell companies with those required in registration statements for initial public offerings</li></ul>						

[\\*Special Purpose Acquisition Companies, Shell Companies, and Projections, Release No. 33-11048](#)

# Proposed rules relating to security-based swap execution and registration of security-based swap execution facilities\*

Approved by the Commission on April 6<sup>th</sup>, the proposed rule would increase the transparency and integrity of the traditionally opaque over-the-counter security-based swap market.



*[\\*Rules Relating to Security-Based Swap Execution and Registration and Regulation of Security-Based Swap Execution Facilities, Release No. 34-94615](#)*





# **Registrant Definitional Proposals**

# Proposed rule for Amendments to the Exchange Act regarding the definition of an exchange\*

Approved by the Commission on January 26<sup>th</sup>, the proposed rule would enhance investor protections and cybersecurity for Alternative Trading Systems (ATS) that trade treasuries and other government securities.

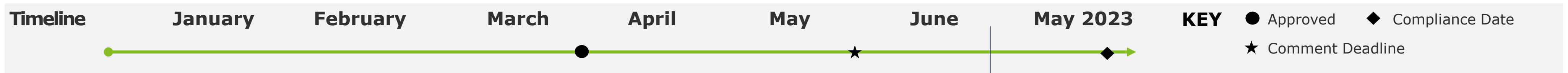
Timeline	January	February	March	April	May	June	KEY
	●	●		★			● Approved ★ Comment Deadline
Key Components	Proposed requirements for investor protections in communication protocol systems and ATSs						
Communication Protocol Systems	<ul style="list-style-type: none"><li>• <b>Register as an exchange or operate under the ATS exemption</b>, which includes registering as a broker-dealer, including becoming a member of a Self-Regulatory Organization, and complying with Regulation ATS</li></ul>						
Government Securities ATSs	<ul style="list-style-type: none"><li>• File a public <b>Form ATS-N</b> through EDGAR disclosing information regarding:<ul style="list-style-type: none"><li>• Manner of operations and</li><li>• ATS-related activities of registered broker-dealer, government securities broker, or dealer that operates the ATS</li></ul></li><li>• For those currently operating pursuant to the exemption for certain government securities ATSs, comply with the other applicable provisions of Regulation ATS</li></ul>						
Existing NMS Stock ATSs	<ul style="list-style-type: none"><li>• File an amendment to existing disclosures in accordance with revised <b>Form ATS-N</b>, which includes questions about:<ul style="list-style-type: none"><li>• ATSs interaction with related markets, liquidity providers, and</li><li>• Activities undertaken by ATS to surveil and monitor the market</li></ul></li><li>• Report changes to fee disclosures on Form ATS-N no later than the date they make a fee change</li></ul>						
All Security Types ATSs	<ul style="list-style-type: none"><li>• Modernize both <b>Form ATS</b> and <b>ATS-R</b> and electronically file them with the SEC through EDGAR</li><li>• If subject to the Fair Access Rule, ensure that minimum requirements are met for:<ul style="list-style-type: none"><li>• Standards for granting, limiting, and denying access to ATS services that must be established, and applied, and</li><li>• Justify why each standard is fair and not unreasonably discriminatory</li></ul></li></ul>						

[\\*Amendments to Exchange Act Rule 3b-16 Regarding the Definition of "Exchange"; Regulation ATS for ATSs That Trade U.S. Government Securities, NMS Stocks, and Other Securities; Regulation SCI for ATSs That Trade U.S. Treasury Securities and Agency Securities, Release No. 34-94062](#)



# Proposed rule amending the definition of “broker-dealer”\*

Approved by the Commission on March 28<sup>th</sup>, the proposed rule would require market participants, such as proprietary (or principal) trading firms, that assume certain dealer-like roles and/or engage in certain levels of buying and selling government securities to register with the SEC, become a member of a self-regulatory organization (SRO), and comply with federal securities laws and regulatory obligations.



## Key Components

## Proposed changes to definition of “broker-dealer” and requirements

### Rules 3a5-4 and 3a44-2

- New Rules 3a5-4 and 3a44-2 under the Securities Exchange Act of 1934 would further define the phrase “as part of a regular business” in Sections 3(a)(5) and 3(a)(44) of the Act to identify certain activities that would cause persons engaging in such activities to be “dealers” or “government securities dealers” and subject to the registration requirements of Sections 15 and 15C of the Act, respectively
  - Both rules would set forth **identical qualitative standards** designed to identify market participants who assume certain dealer-like roles
  - **Rule 3a44-2** would set forth a **quantitative standard** under which a person engaging in certain specified levels of activity would be deemed to be buying and selling government securities “as part of a regular business,” regardless of whether it meets any of the proposed rule’s qualitative standards

### Compliance with Section 15(a) and 15C and SRO

- Any market participants that engages in activities described in the two proposed rules would be a “dealer” or “government securities dealer” and, absent an exception or exemption, required to:
  - Register with the Commission under **Section 15(a)** or **Section 15C**, as applicable;
  - **Become a member of an SRO**; and
  - **Comply with federal securities laws and regulatory obligations**, including as applicable, SEC, SRO, and Treasury rules and requirements

[\\*Further Definition of "As a Part of a Regular Business" in the Definition of Dealer and Government Securities Dealer, Release No. 34-94524](#)



# Other Proposals

# Proposed rule for whistleblower program\*

Approved by the Commission on February 10<sup>th</sup>, the proposed rule would help ensure that whistleblowers are both incentivized and appropriately rewarded for their efforts in reporting potential violations of the law to the SEC.



[\\*The Commission's Whistleblower Program Rules, Release No. 34-94212](#)

# Proposed rule to remove references to credit ratings from Reg M\*

Approved by the Commission on March 23<sup>rd</sup>, the proposed rule would eliminate the Investment Grade Exceptions from both Rules 101 and 102 of Reg M.

Timeline	January	February	March	April	May	June	KEY	● Approved	★ Comment Deadline/Effective Date
Key Components	Proposed requirements for Reg M								
Amendments to Reg M	<ul style="list-style-type: none"><li>Replace the credit-rating requirement included in <b>Rule 101</b> exception with requirements that the nonconvertible debt securities and nonconvertible preferred securities meet a probability of default below 0.055% and;</li><li>Require asset-backed securities that are offered pursuant to an effective shelf registration statement filed on <b>Form SF-3</b></li><li>Eliminate from <b>Rule 102</b> the existing exception for investment grade nonconvertible debt securities, nonconvertible preferred securities, and asset-backed securities</li></ul>								
Recordkeeping	<ul style="list-style-type: none"><li>Require broker-dealers to retain the written probability of default determination supporting their reliance on Rule 101's proposed exception for nonconvertible debt securities and nonconvertible preferred securities</li></ul>								

[\\*Removal of References to Credit Ratings from Regulation M, Release No. 34-94499](#)



## Q2 Outlook

# Status Check: 2022 Capital Markets Regulatory Outlook

We identified the following as prime topics for potential rulemaking and/or an enforcement focus:

Area of Focus	'22 Rule Proposal*	'22 Exam Priority
Consolidate Audit Trail (CAT)		✓
Accelerating the securities settlement cycle	✓	✓
Digital engagement and customer acquisition		✓
Artificial intelligence		✓
Digital assets		✓
Fractional shares and options trading	✓	✓
Payment for order flow		
Securities based swaps	✓	✓
Share repurchases	✓	
SPACs	✓	
Climate risk disclosure	✓	

\*Please note that the information contained on this slide is accurate as of March 31, 2022; it does not consider subsequent SEC actions.



# Anticipated Proposals for Q2 – Q3

We identified the following as prime topics for potential rulemaking and/or an enforcement focus:

Area of Focus	'22 Rule Proposal*	'22 Exam Priority
Consolidate Audit Trail (CAT)		✓
Accelerating the securities settlement cycle		✓
Digital engagement and customer acquisition	✓	✓
Artificial intelligence	✓	✓
Digital assets		✓
Fractional shares and options trading		✓
Payment for order flow	✓	
Securities based swaps		✓
Share repurchases		
SPACs		
Climate risk disclosure		

\*Please note that the information contained on this slide is accurate as of March 31, 2022; it does not consider subsequent SEC actions.

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