

SEC Adopts Regulation SCI to Strengthen Securities Market Infrastructure

December 4, 2014 | Client Update

On November 19, 2014, the Securities and Exchange Commission unanimously voted to adopt Regulation Systems Compliance and Integrity ("**Regulation SCI**"), a set of rules designed to strengthen the technology infrastructure of the U.S. securities markets. Regulation SCI replaces and builds on the SEC's voluntary Automation Review Policy, which is currently mainly applicable to national securities exchanges, expanding upon existing practices and making them mandatory. Regulation SCI will apply to operators of certain alternative trading systems, market data information providers and clearing agencies, in addition to national securities exchanges, subjecting these entities and, indirectly, certain officers to extensive new compliance obligations, with the goals of reducing the occurrence of technical issues that disrupt the securities markets and improving recovery time when disruptions occur.

Regulation SCI will take effect 60 days after its publication in the Federal Register, which is expected to occur shortly, with most compliance requirements taking effect nine months thereafter.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Annette L. Nazareth

+1 202 962 7075

annette.nazareth@davispolk.com

Zachary J. Zweihorn

+1 202 962 7136

zachary.zweihorn@davispolk.com

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