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SEC Proposes Capital, Margin, and Segregation Rules for Security-Based Swap Dealers

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On October 17, 2012, the SEC unanimously approved proposed capital, margin, and segregation rules for security-based swap dealers and major security-based swap participants. The Proposal draws heavily on the SEC's existing capital, margin, and segregation requirements for registered broker-dealers.

The Proposal's capital and margin requirements would apply only to security-based swap dealers and major security-based swap participants that are neither banks nor bank holding companies, whereas the segregation requirements would apply to all security-based swap dealers and major security-based swap participants. In addition, the Proposal would enhance the capital requirements that apply to all large broker-dealers that have been approved to use internal models to compute net capital, regardless of whether they are security-based swap dealers.

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.

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