

SEC and CFTC Turn to Swaps and Security-Based Swaps Enforcement

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The week of June 15, 2015 saw two of the first publicly announced enforcement actions brought by the SEC and CFTC to enforce security-based swap and swap regulatory requirements under Title VII of the Dodd-Frank Act. The SEC accepted an offer of settlement from a web-based “exchange” for, among other things, offering security-based swaps to retail investors in violation of the Securities Act of 1933 and the Securities Exchange Act of 1934. In a separate action, the CFTC obtained a federal court order against a Kansas City man in a case alleging violations of the antifraud provisions of the swap dealer external business conduct rules in Part 23 of the CFTC regulations. Swap dealers and security-based swap market participants may wish to consider these orders and the agencies’ approach to enforcement as firms further develop, review and update their compliance programs.

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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