
A Publication of Seward & Kissel Regulatory Compliance

SEC Proposes to Amend the Accredited Investor Definition

The SEC [proposed changes](#) to Rule 501(a) of Regulation D that would expand the definition of “accredited investor” to include, among others, “knowledgeable employees” of private funds; individuals holding certain professional certifications and designations, such as certified public accountant, certified financial analyst and certified management accountant; an individual holding a Series 7, 65, or 82 license; and registered investment advisers and family offices with at least \$5 million in assets under management and their family clients. The proposed changes are subject to public comment until March 16, 2020.

SEC OCIE Releases 2020 Examination Priorities

The SEC’s Office of Compliance Inspections and Examinations (“OCIE”) announced its [2020 Examination Priorities](#). This year’s priorities focus on seven topics: (1) retail investors, including seniors and individuals saving for retirement; (2) market infrastructure; (3) information security; (4) focus areas relating to investment advisers, investment companies, broker-dealers and municipal advisors; (5) anti-money laundering programs; (6) financial technology and innovation, including digital assets and electronic investment advice; and (7) FINRA and MSRB. OCIE stated that the selection of firms for examination and the related areas of focus are determined based on dozens of risk-based factors including products and services offered, compensation and funding arrangements, and prior examination observations and conduct. OCIE also noted several hallmarks of effective compliance such as compliance’s active management in most areas of firm operations and early involvement in important business decisions, a knowledgeable and empowered chief compliance officer, and a commitment from upper level executives to set a tone that compliance is integral to the organization’s success.

FINRA Amends Rule 5130 and Rule 5131 Relating to Equity IPOs

FINRA made [amendments](#) (the “amendments”) to FINRA Rule 5130 and Rule 5131 (collectively, the “rules”) effective January 1, 2020. The amendments exempt additional persons from the scope of the rules by providing alternative conditions for satisfying the foreign investment company exemption and exempting U.S. and

foreign employee retirement benefits plans that meet specified conditions. The amendments also expand the types of offerings exempt from the rules by amending the definition of “new issue” to exclude certain foreign offerings.

Blaszczak Insider Trader Case

In *U.S. v. Blaszczak, et al.*, the Second Circuit held (a) that the “personal benefit” test required to support a conviction for insider trading under § 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder does not apply to the federal wire fraud, securities fraud, and conversion statutes found under Title 18 of the U.S. Code, and (b) that a government agency’s confidential information may constitute “property” for purpose of these Title 18 statutes. The *Blaszczak* decision effectively lowers the bar for the government to bring cases against those who trade while in possession of material, nonpublic information, but may not know the source of the information or whether the source received a personal benefit in exchange for his or her disclosure. The personal benefit requirement continues to apply to insider trading cases under Title 15.

BE-10 Benchmark Survey

The Bureau of Economic Analysis (“BEA”) is conducting a BE-10 benchmark survey for fiscal years ending in 2019. Respondents will be notified by mail between mid-February and March to complete the BE-10 survey form, and a response is required from all entities subject to the reporting requirements, whether or not contacted by the BEA. Entities that would normally file a BE-11 annual survey will file the BE-10 benchmark survey instead for 2019. More information regarding the BE-10 benchmark survey, including FAQs can be found [here](#).

Key Compliance Due Dates

- Form 13F; Annual Form 13H; Schedule 13G; Annual Form CTA-PR (February 14, 2020)
- TIC Form S (February 18, 2020)
- TIC Form SLT (February 24, 2020)
- Annual Exemption Affirmations for CFTC Rules 4.5, 4.13(a)(1), 4.13(a)(2), 4.13(a)(3), 4.13(a)(5) and/or 4.14(a)(8) (February 29, 2020)

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