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DUE TO THE JULY 4 HOLIDAY, *CORPORATE & FINANCIAL WEEKLY DIGEST* WILL NOT BE PUBLISHED ON JULY 1. THE NEXT ISSUE WILL BE DISTRIBUTED ON JULY 8.

SEC/CORPORATE

SEC Proposes Rules Updating Mining Registrant Disclosure Requirements

On June 16, 2016, the Securities and Exchange Commission proposed rules (Proposed Rules) to modernize the property disclosure requirements for mining companies under Item 102 of Regulation S-K. The Proposed Rules would also rescind Industry Guide 7 and add a new subpart to Regulation S-K to incorporate the SEC's mining property disclosure requirements. In its press release announcing the Proposed Rules, the SEC Chair noted that the Proposed Rules would align Regulation S-K with "global standards and give investors more comprehensive information of a registrant's mining properties that they can use to make informed investment decisions."

As noted in the press release, the Proposed Rules would:

- provide one standard that requires registrants to disclose mining operations that are material to the company's business or financial condition;
- require a registrant to disclose mineral resources and material exploration results in addition to its mineral reserves;
- permit disclosure of mineral reserves to be based on a preliminary feasibility study or a final feasibility study;
- provide updated definitions of mineral reserves and mineral resources;
- require, in tabular format, summary disclosure for a registrant's mining operations as a whole as well as more detailed disclosure for material individual properties;
- require that every disclosure of mineral resources, mineral reserves and material exploration results reported in a registrant's filed registration statements and reports be based on, and accurately reflect information and supporting documentation prepared by, a "qualified person;" and
- require a registrant to obtain a technical report summary from the qualified person, which identifies and summarizes for each material property the information reviewed and conclusions reached by the qualified person about the registrant's exploration results, mineral resources or mineral reserves.

The SEC is soliciting public comment over the next 60 days on the Proposed Rules.

The complete text of the Proposed Rules is available here.

BROKER-DEALER

SEC Announces Self-Reporting Initiative for Broker-Dealers Who Have Failed To Comply With Its Customer Protection Rule

The Securities and Exchange Commission has announced the Customer Protection Rule Initiative (Initiative), under which broker-dealers that have failed to comply with the SEC's Customer Protection Rule (SEC Rule 15c3-3) may self-report to the SEC in exchange for potentially favorable settlement terms.

In conjunction with the Initiative, the SEC will be conducting a risk-based sweep of certain broker-dealers for the purpose of assessing their compliance with the Customer Protection Rule. As a result, the SEC may seek more information or schedule an examination of any such firms. Broker-dealers that have already been contacted by the SEC regarding possible past or continuing noncompliance with the Customer Protection Rule, but against which no enforcement action has yet been taken, may still be eligible for the Initiative.

To participate in the Initiative, a broker-dealer must self-report certain information by November 1, including, the provision of the Customer Protection Rule implicated, the period of noncompliance, the amount of customer cash or securities implicated and any remedial efforts. Broker-dealers must also fulfill the self-reporting requirements under the Securities Exchange Act of 1934.

If the SEC's Division of Enforcement decides to recommend enforcement action for any violation reported under the Initiative, it will recommend that the SEC accept a settlement pursuant to which the broker-dealer consents to the institution of a cease-and-desist proceeding. Such recommendation will note that the broker-dealer violated the Customer Protection Rule, but that it neither admits or denies the findings of the Division of Enforcement, that the broker dealer will undertake to establish appropriate policies and procedures, cooperate with subsequent investigations and, if needed, retain a consultant, and that the broker-dealer will pay disgorgement of any ill-gotten gains and penalties.

The SEC has noted that the Initiative will provide meaningful cooperation credit, including in the form of reduced penalties. However, the SEC has given no assurance that individuals associated with those entities will be offered similar terms if they have engaged in violations of federal securities laws.

More information on the Initiative is available here.

DERIVATIVES

See the "CFTC Allows CME To Hold Customer Funds at the Bank of Canada" article in the CFTC section.

CFTC

CFTC Allows CME To Hold Customer Funds at the Bank of Canada

The Division of Clearing and Risk (DCR) of the Commodity Futures Trading Commission has issued no-action relief to allow the Chicago Mercantile Exchange (CME) to hold futures and cleared swaps customer funds at the Bank of Canada, the central bank of Canada. Pursuant to the no-action relief, CME may execute with the Bank of Canada acknowledgment letters as set forth in the no-action letter *in lieu* of executing an acknowledgment letter as set forth in Appendix B to CFTC Regulation 1.20. Similarly, DCR granted the CME an exemption from the requirements of CFTC Regulation 1.49(d)(3), which provides, *inter alia*, that customer funds may be held outside of the US in a bank or depository that has at least $1 billion in regulatory capital. As a central bank, the Bank of Canada cannot meet this regulatory capital requirement.

CFTC Letter No. 16-59 is available here.

NFA Imposes Late Fee for Form PQR and PR Filings

National Futures Association (NFA) has implemented a late fee on commodity pool operators (CPOs) and commodity trading advisors of $200 for each business day after the due date that a quarterly NFA Form PQR or PR is filed. The late fee will apply to all late-filed NFA Forms PQR and PR dated September 30, 2016 or later. With respect to Form PQR, the late fee will be assessed on the CPO entity and not on each pool operated by the CPO.

More information is available in NFA Notice I-16-16, which is available here.

Read more about the NFA's initial rule proposal in the June 3 edition of *Corporate & Financial Weekly Digest*, available here.

UK DEVELOPMENTS

Brexit: Implications for the Financial Services Industry

Yesterday, June 23, the United Kingdom held a referendum on its future in the European Union (EU)—the "Brexit". The result this morning shows that 51.9% of voters in the UK want the UK to cease being an EU Member State. Prime Minister David Cameron has since declared that he will be stepping down from his role and that his successor should be in place by autumn. The financial markets have already experienced significant shocks from the Brexit vote; following the vote, the FTSE 100 fell dramatically and Sterling fell significantly against the US dollar and against other major currencies.

Although the Brexit decision will create significant legal uncertainty, it is unlikely that there will be any changes in the short term: a contract that was enforceable yesterday will be enforceable today, and the UK's financial services regime, including EU directives and regulations, remains in place until further notice. Under EU law, the UK has two years from the date of a formal notification of its decision to withdraw from the EU before the UK ceases to be an EU member state, so there will not be any legal changes for some time yet. However, during this period, the UK has to negotiate with the other 27 EU member states as to how the country will leave the EU. For the time being, the UK position remains uncertain. Katten has issued an advisory summarizing key Brexit implications for financial services firms and sets out practical points that firms may wish to consider.

To read the advisory in its entirety, click here.

EU DEVELOPMENTS

MAR Delegated Regulation on Abusive Practices and Suspicious Orders and Transactions Published

Updating the *Corporate & Financial Weekly Digest* March 18 edition, on June 17, the delegated regulation (Delegated Regulation) on arrangements, systems and procedures and notification templates to be used for preventing, detecting and reporting abusive practices or suspicious orders or transactions under the EU Market Abuse Regulation was published in the *Official Journal of the European Union*. The Delegated Regulation will go into effect 20 days following its publication, and is set to apply from July 3.

A copy of the Delegated Regulation is available here.

In addition, on June 21, the Financial Conduct Authority (FCA) also published a guide on how to complete suspicious order and transaction reports (STORs) online through FCA Connect, which is available here.

ESMA Issues Opinion on MAR Implementing Technical Standards on Disclosure of Inside Information

On June 17, the European Securities and Markets Authority (ESMA) issued an opinion (Opinion) in relation to implementing technical standards (ITS) on the public disclosure of inside information under the EU Market Abuse Regulation (MAR). The ITS were originally submitted to the European Commission (Commission) for approval in September 2015.

ESMA's latest Opinion is in response to a letter from the Commission, dated May 25, 2016, in which the Commission requested certain amendments to the ITS. The Commission expressed its view that the ITS imposes a double disclosure requirement on emission allowances market participants (EAMPs) that are subject to both MAR and the EU regulation on wholesale energy market integrity and transparency (REMIT). Specifically, the Commission stated that the technical means for disclosure under REMIT should be considered sufficient for MAR disclosure purposes. The Commission argued that EAMPs should be able to use existing web-based disclosures, on the basis that they are also required to have "web feeds" in place under REMIT delegated legislation.

ESMA replied in its Opinion that it disagrees with the Commission's conclusions and that the original wording of ITS submitted should be maintained.

A copy of the Opinion is available here and ESMA's accompanying press release, here.

The Commission's letter to ESMA requesting the ITS amendments is available here.

For additional coverage on financial and regulatory news, visit *Bridging the Week*, authored by Katten's Gary DeWaal.

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UK and EU DEVELOPMENTS		
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