

SEC/CORPORATE

Acting SEC Chair Directs Staff to Reconsider Pay Ratio Disclosure Rule

On February 6, the acting Securities and Exchange Commission Chairman, Michael Piowar, issued a statement soliciting public comment on “unexpected challenges” that issuers have experienced in anticipation of complying with the pay ratio disclosure rule and directing the SEC staff to reconsider the implementation of the rule. The pay ratio disclosure rule, adopted to implement Section 953(b) of the Dodd–Frank Wall Street Reform and Consumer Protection Act, will require each issuer to disclose the ratio of the compensation of its chief executive officer to the median compensation of all of its employees, as discussed in the [August 7, 2015 edition](#) of the *Corporate & Financial Weekly Digest*. As currently adopted, this rule will first apply with respect to compensation for the company’s first fiscal year beginning on or after January 1, 2017 (for most companies, their proxy statements for their 2018 annual shareholder meetings). Comments are being solicited for 45 days following the announcement.

This statement by acting Chairman Piowar follows his prior statement requesting that the SEC reconsider the rule on conflict minerals, as discussed in the [February 3, 2017 edition](#) of the *Corporate & Financial Weekly Digest*.

On February 3, the US Senate, following prior approval of the US House of Representatives, also passed a resolution that, with the expected approval of President Trump, will repeal the resource extraction rule. This follows the joint resolution previously filed by Senator Inhofe and Representative Huizenga, which was also discussed in the February 3, 2017 edition of the *Corporate & Financial Weekly Digest*.

The SEC’s statement is available [here](#).

The joint resolution is available [here](#).

CFTC

CFTC Provides Temporary No-Action Relief for Aggregation Notice Filings for Position Limits

On February 6, the Division of Market Oversight (Division) of the Commodity Futures Trading Commission issued CFTC Letter No. 17-06, which provides time-limited no-action relief from the requirement that persons relying on certain aggregation exemptions from federal position limit levels must file notice with the CFTC.

Specifically, the Division stated that it would not recommend enforcement action against any person or entity that is eligible to rely on an exemption from aggregation under Commission Regulation 150.4(b) for failure to comply with the notice filing requirements of Commission Regulation 150.4(c) with respect to relying on such exemption.

This no-action relief extends until August 14. Prior to this letter, the aggregation notice filing compliance date was set at February 14.

CFTC Letter No. 17-06 is available [here](#).

UK DEVELOPMENTS

FCA Publishes Discussion Paper on Illiquid Investments and Open-Ended Funds

On February 8, the UK Financial Conduct Authority (FCA) published a discussion paper (Paper), seeking stakeholder views on open-ended funds investing in illiquid assets.

One of the difficulties highlighted in the Paper is the liquidity mismatch that is created when an investor wishes to withdraw its money on short notice, when illiquid assets cannot be sold to meet such redemption requests. The FCA notes that this can be exacerbated by market triggers, as was seen in relation to real estate funds in the aftermath of the announcement of the result of the Brexit referendum—which led to funds with aggregate assets under management (AUM) in excess of US \$23 billion being forced to suspend redemptions. Another issue that the FCA has highlighted is that there are difficulties in pricing interests in funds investing in illiquid assets due to asset valuations for such funds rarely happening on a daily basis.

The FCA is seeking comment as to whether or not changes to the regulatory approach are required. The FCA requests that any comments on the Paper be submitted by May 8, 2017.

The Paper and accompanying press release are available [here](#) and [here](#).

EU DEVELOPMENTS

ESMA Publishes Practical Guidance on EEA Major Holdings Notification Obligations

On February 3, the European Securities and Markets Authority (ESMA) published a practical guide (Guide) to the national rules across the European Economic Area (EEA) on the implementation of the EU/EEA Transparency Directive's requirements relating to major shareholding notifications (i.e., EEA long-position reporting requirements).

The Transparency Directive requires investors to notify issuers of their holdings in securities in which the investor acquires or disposes of shares, resulting in voting rights exceeding certain thresholds. The implementation of such requirements differs across the jurisdictions of the EEA.

The Guide is divided into two parts. The first is a country-by-country overview of the implementation of the Transparency Directive in each of the EEA jurisdictions (excluding Lichtenstein), including information such as the notification thresholds, where to get further information from the applicable national regulator and the deadlines for notification. The second part consists of tables allowing for comparison between the different jurisdictions. ESMA has worked with the national regulators of each of the jurisdictions to produce the Guide.

ESMA aims to keep the Guide up to date and amend it on an ad hoc basis.

The Guide is available [here](#).

For additional coverage on financial and regulatory news, visit [Bridging the Week](#), authored by Katten's [Gary DeWaal](#).

For more information, contact:

SEC/CORPORATE

Mark J. Reyes	+1.312.902.5612	mark.reyes@kattenlaw.com
Mark D. Wood	+1.312.902.5493	mark.wood@kattenlaw.com

FINANCIAL SERVICES

Janet M. Angstadt	+1.312.902.5494	janet.angstadt@kattenlaw.com
Henry Bregstein	+1.212.940.6615	henry.bregstein@kattenlaw.com
Kimberly L. Broder	+1.212.940.6342	kimberly.broder@kattenlaw.com
Wendy E. Cohen	+1.212.940.3846	wendy.cohen@kattenlaw.com
Guy C. Dempsey Jr.	+1.212.940.8593	guy.dempsey@kattenlaw.com
Gary DeWaal	+1.212.940.6558	gary.dewaal@kattenlaw.com
Kevin M. Foley	+1.312.902.5372	kevin.foley@kattenlaw.com
Jack P. Governale	+1.212.940.8525	jack.governale@kattenlaw.com
Arthur W. Hahn	+1.312.902.5241	arthur.hahn@kattenlaw.com
Christian B. Hennion	+1.312.902.5521	christian.hennion@kattenlaw.com
Carolyn H. Jackson	+44.20.7776.7625	carolyn.jackson@kattenlaw.co.uk
Ross Pazzol	+1.312.902.5554	ross.pazzol@kattenlaw.com
Fred M. Santo	+1.212.940.8720	fred.santo@kattenlaw.com
Christopher T. Shannon	+1.312.902.5322	chris.shannon@kattenlaw.com
James Van De Graaff	+1.312.902.5227	james.vandegraaff@kattenlaw.com
Robert Weiss	+1.212.940.8584	robert.weiss@kattenlaw.com
Lance A. Zinman	+1.312.902.5212	lance.zinman@kattenlaw.com
Krassimira Zourkova	+1.312.902.5334	krassimira.zourkova@kattenlaw.com

UK/EU DEVELOPMENTS

David A. Brennand	+44.20.7776.7643	david.brennand@kattenlaw.co.uk
Neil Robson	+44.20.7776.7666	neil.robson@kattenlaw.co.uk

.....

* Click [here](#) to access the *Corporate & Financial Weekly Digest* archive.

Attorney advertising. Published as a source of information only. The material contained herein is not to be construed as legal advice or opinion.

©2017 Katten Muchin Rosenman LLP. All rights reserved.

Katten

Katten Muchin Rosenman LLP www.kattenlaw.com

AUSTIN | CENTURY CITY | CHARLOTTE | CHICAGO | HOUSTON | IRVING | LONDON | LOS ANGELES | NEW YORK | ORANGE COUNTY | SAN FRANCISCO BAY AREA | SHANGHAI | WASHINGTON, DC

Katten refers to Katten Muchin Rosenman LLP and the affiliated partnership as explained at kattenlaw.com/disclaimer.