



Regulatory Update

SEC Chair Speech on Equity Market Structure Reform and Other Developments to Watch

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SEC Chair Gensler Speech on Equity Market Structure Reform

On June 8, SEC Chair Gensler laid out a framework for long-awaited SEC reforms to equity trading and market structure. Chair Gensler appeared at the Piper Sandler Global Exchange and FinTech Conference, giving a speech entitled [“Market Structure and the Retail Investor.”](#) which was followed by Q&A. A summary of the speech can be found [here](#).

Confirmation of Jaime Lizárraga and Mark Uyeda as SEC Commissioners

On June 16, Jaime Lizárraga and Mark Uyeda were confirmed by the US Senate to serve as SEC Commissioners. The official SEC statement can be found [here](#).

Mark Uyeda has served on the staff of the SEC since 2006, including as Senior Advisor to Chairman Jay Clayton, Senior Advisor to Acting Chairman Michael S. Piwowar, Counsel to Commissioner Paul S. Atkins, and various staff positions in the Division of Investment Management. He most recently served on detail from the SEC to the Senate Committee on Banking, Housing, and Urban Affairs as a securities counsel to the committee’s minority staff. He replaces former SEC Commissioner Elad Roisman, and will serve out the term that expires on June 5, 2023. Commissioner Uyeda was sworn in on June 30, 2022. The SEC press release can be found [here](#).

Jaime Lizárraga most recently served as Senior Advisor to Speaker of the House Nancy Pelosi and previously served as a presidential appointee at the SEC. He replaces SEC Commissioner Allison Herren Lee, and his term expires on June 5, 2027.

U.S. House Financial Services Committee Meme Stock Report

On June 24, Congresswoman Maxine Waters (D-CA), Chairwoman of the House Committee on Financial Services, and Congressman Al Green (D-TX), Chair of the Subcommittee on Oversight and Investigations, released a [majority staff report](#) entitled, “Game Stopped: How the Meme Stock Market Event Exposed Troubling Business Practices, Inadequate Risk Management, and the Need for Regulatory and Legislative Reform.”



The Report identified four key findings from Committee investigation, including that:

- Robinhood exhibited troubling business practices, inadequate risk management, and a culture that prioritized rapid growth above stability during the Meme Stock Market Event.
- Broker-dealers facing the most severe operational and liquidity concern executed the most expansive trading restrictions during the Meme Stock Market Event.
- Most of the firms the Committee spoke to do not have explicit plans to change their policies for how they will meet their collateral requirements during extreme market volatility or adopt trading restrictions when market volatility may warrant.
- The Depository Trust & Clearing Corporation (DTCC) waived \$9.7 billion of collateral deposit requirements on January 28, 2021, lacks detailed, written policies and procedures for waiver or modification of a “disincentive” charge it calculates for brokers that are deemed to be undercapitalized, and has regularly waived such charges during periods of acute volatility in the two years before the Meme Stock Market Event.

The Committee provided a list of recommendations for possible regulatory reforms at the SEC, FINRA, and the DTCC to increase resiliency, transparency, oversight of, and access to, the equity markets. These recommendations focused on:

- Understanding the Influx of Retail Traders
- Enhancing Supervision of Retail Facing “Superbrokers”
- Strengthening Capital and Liquidity Requirements and Oversight

SEC Spring 2022 Regulatory Agenda/SEC Commissioner Peirce Response

On June 22, the SEC released the Spring 2022 “Unified Agenda of Regulatory and Deregulatory Actions.” The report lists short- and long-term regulatory actions that administrative agencies, including the SEC, plan to take. The SEC’s rulemaking list can be found [here](#).

In response, SEC Commissioner Peirce issued a [statement](#), “Rip Current Rulemakings: Statement on the Regulatory Flexibility Agenda.”

Commissioner Peirce stated that the agenda “sets forth flawed goals and a flawed method for achieving them” and that “if enacted, risks setting off the regulatory version of a rip current the pace and character of the rulemakings on this agenda make for dangerous conditions in our capital markets.” Specifically, Commissioner Peirce stated that the agenda (1) devotes the SEC’s limited resources to rulemaking proposals disconnected from the SEC’s core mission and (2) breaks with the SEC’s longstanding tradition of deliberative rulemaking that facilitates broad participation by affected market participants. The Commissioner stated that “we can avoid creating regulatory rip currents by recalibrating our agenda to focus on issues core to the



protection of investors and operation of our markets and by slowing down the pace to ensure that we and the public can think about what we are doing.”

Responses to Frequently Asked Questions Concerning Rule 606 of Regulation NMS

On June 3, the SEC updated its responses to FAQs relating to Rule 606 of Regulation NMS, which requires broker-dealers to provide enhanced disclosure of information regarding the handling of their customers’ orders. Specifically, the SEC addressed customer orders referenced as “not held orders” and “held orders.” The FAQ can be found [here](#).