

Compliance Today – May 2022 Making it illegal to mislead the CCO?

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Would a law that makes it illegal to mislead the chief compliance officer (CCO) help or hinder the mission of the compliance function? We may find out, albeit on a very limited scale, if one recent proposal comes to fruition.

In December,^[1] the U.S. Securities and Exchange Commission re-proposed a series of anti-fraud rules applicable to security-based swap (SBS) entities—later published in a February *Federal Register*.^[2] Included with those rules is a new proposal aimed at protecting the independence and objectivity of the CCOs of SBS entities. The proposed Rule 15Fh-4(c) would “make it unlawful for any officer, director, supervised person, or employee of an SBS Entity, or any person acting under such person’s direction, to directly or indirectly take any action to coerce, manipulate, mislead, or fraudulently influence the SBS Entity’s CCO in the performance of their duties under the Federal securities laws or the rules and regulations thereunder.”

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