

## UPDATE ON THE NEW RULES AND SUNDRY AMENDMENTS TO THE RULES OF THE SECURITIES AND EXCHANGE COMMISSION

On the 19th October 2018, the Security and Exchange Commission (“SEC”) published new rules as well as amendments to existing rules of the Commission. The new rules are on green bonds and their key highlights are as follows:

- Definition of a green bond as a debt instrument, the proceeds of which are applied exclusively to financing projects with environmental impact;
- Delineation of categories of green projects that can be financed with green bonds, including renewable energy, energy efficiency and green real estate;
- Provision of conditions for the approval of a green bond as well as the utilization of the bond proceeds;
- Annual reporting on green bonds to SEC containing details of bonds and projects. The SEC provides for reports by the issuer of the bonds as well as an independent assessment by a third-party professional to be published by the bond issuer and filed with SEC;
- Conditions for refinancing the proceeds of the green bond for other green projects.

The amendments are on rules concerning three areas – the inclusion of Bank Verification Number (“BVN”) as a means of identification of capital market clients; investment advisory services and nominee accounts. The highlights of the amendments include the following:

- Use of the BVN by Capital Market Operators as a means of verifying personal information provided by the clients;
- Rules for those providing investment advisory services, including SEC regulations, the Code of Ethics for Investment Advisers and the general code for capital market operators; the upholding of fiduciary duties from Investment Advisors to their clients and assessment of client risk based on specific provided factors;
- Clear disclosures by Investment advisors to clients and specific client records;
- Exemption of categories of people from registering as investment advisors;
- Appointment and registration of investment adviser’s representatives;
- Added definitions of terms to nominee accounts and regulation of nominee accounts.

It is expected that these rules and amendments will take effect immediately and compliance will be required of affected parties.

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