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- **SEC Enforcement Director Gurbir Grewal Leaves the Agency**
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Notable Developments:

SIFMA Releases a Master Treasury Securities Clearing Agreement

SIFMA released a [Master Treasury Securities Clearing Agreement](#) to assist market participants under new SEC rules requiring documentation of the clearance of Treasury securities transactions. The SEC rule is set to be fully implemented by June 2026.

SIFMA said that the 2024 SIFMA Master Agreement provides a comprehensive approach for clearing Treasury securities transactions and focuses on the role of clearing members in facilitating these trades. SIFMA said the agreement, developed with input from a "cross-section of the market involving broker-dealers and asset managers," was designed to standardize the clearing process while maintaining

flexibility for clearing members and customers. SIFMA intends the document serve as a voluntary guide for clearing Treasury securities transactions.

Key provisions of the document include:

Transaction Confirmation and Submission. Clearing members must promptly provide written confirmations detailing transaction specifics, such as purchased securities, buyer and seller information and pricing. Transactions must be submitted to the CCP within the agreed-upon deadlines.

Rejected Transactions. SIFMA outlined steps to handle transactions rejected by the CCP, including resubmission, bilateral processing, or unwinding of the transaction, depending on the terms agreed upon in the schedule.

Collateral and Security Interests. Customers grant clearing members a security interest in their rights to cleared transactions, collateral and other related assets. Clearing members are entitled to exercise rights under New York's UCC to secure these interests.

Event of Default. The agreement details actions to be taken in the event of customer default, such as terminating or liquidating transactions and exercising rights over collateral.

Termination of Agreement. Either party may terminate the agreement with one business days' notice, provided there are no outstanding transactions at the time of termination.

SIFMA also stated that it is developing "terms for 'done away' trading to allow for firms to execute transactions with a variety of dealers while clearing through a single entity, and to publish a playbook focused on operational issues that firms can use as they work through the transition."

SEC Enforcement:

SEC Charges Cumberland DRW with Operating an Unregistered Dealer in Crypto Asset Markets

On October 10, 2024, the SEC [announced](#) its charges against Chicago-based Cumberland DWR LLC ("Cumberland") with operating as an unregistered dealer in crypto assets offered and sold as securities. According to the [complaint](#) filed by the SEC in the U.S. District Court of Northern District of Illinois Eastern Division, Cumberland bought and sold, for its own accounts as part of its regular business, at least \$2 billion crypto asset securities without registering as a broker-dealer with the SEC. Cumberland

publicly touted itself “one of the world’s leading liquidity providers” in crypto assets and operated its dealing business 24 hours a day, seven days a week by trading with counterparties via telephone and online trading platform, which Cumberland described as a “single dealer trading platform”. Cumberland provided price quotes to counterparties, with large spreads between the bid and ask, to either buy or sell crypto asset securities, and profited by capturing or earning the spread between the purchase and sale prices.

SEC Charges U.S.-Based Parent Company Moog Inc. with FCPA Violations for Its Wholly-Owned Subsidiary’s Bribery Scheme in India

On October 11, 2024, the SEC [announced](#) its settled charge against Moog Inc., a New York-based manufacturer of motion controls systems for aerospace, defense, industrial and medical markets for violating the Foreign Corrupt Practices Act (FCPA) arising out of bribes paid by its wholly owned Indian subsidiary. The SEC’s [order](#) found that Moog Inc. violated the recordkeeping and internal accounting controls provisions of the FCPA. The SEC’s action highlights the need for global companies operating internationally to have appropriate compliance and internal accounting controls over third parties and third-party payments to prevent and manage corruption risk.

SEC Charges Rimer Capital Entities and Owner Itai Liptz for Making False and Misleading Statements About Use of Artificial Intelligence

On October 10, 2024, the SEC [announced](#) settled charges against three Rimer entities, the owner and CEO Liptz and a board member, Clifford Boro for making false statements regarding an AI-driven securities trading platform, the assets under management and its investment returns.

TD Securities Charged in Treasury Market Spoofing Scheme and Failure to Supervise On September 30, 2024, the SEC [announced](#) settled charges against registered broker-dealer TD Securities (USA) LLC for manipulating the U.S. Treasury cash securities market through an illicit trading strategy known as spoofing. The bank was also charged for failing to supervise the then-head of its U.S. Treasuries trading desk, who conducted the scheme.

According to the SEC’s [order](#), the former trader entered orders that he had no intention of executing so he could obtain more favorable execution prices on other, bona fide orders he was entering simultaneously. After the bona fide orders were filled, resulting in profits to TD Securities, the trader allegedly then canceled the non-bona fide orders.

The SEC’s order also finds that TD Securities lacked adequate controls and that it failed to take reasonable steps to scrutinize the trader after receiving warnings of his

potentially irregular trading activity. TD Securities consented to the entry of the SEC's order finding that it violated an antifraud provision of the federal securities laws and failed to reasonably supervise the trader.

SEC Charges Three Crypto Trading Firms and Nine Individuals in manipulative Crypto Trading Scheme

On October 9, 2024, the SEC [announced](#) fraud charges against three crypto trading firms engaging in so-called market-making and nine individuals for manipulating the trading of crypto asset securities. According to the SEC's complaints, the trading firms were hired by the individuals to provide "market-manipulation-as-a-service, which included generating artificial trading volume or manipulating the price of crypto asset securities offered and sold to retail investors in unregistered transactions.

SEC Appeals Ripple Judgment

On October 2, 2024, the SEC [appealed](#) the judgment of the US District Court for the Southern District of New York against cryptocurrency firm Ripple Labs, Inc. Ripple was [ordered](#) to pay a civil penalty of \$125 million for the sale of unregistered securities.

In its prior 2020 Complaint, the SEC alleged a reckless disregard for securities laws, and had sought more than \$1 billion in disgorgement and civil penalties.

In its ruling, the court issued a \$125 million judgment, rejecting the SEC's claims. The District Court noted Ripple's efforts to comply with legal advice and acknowledged the company's recognition of prior rulings concerning its sales practices. The Court also found that disgorgement was not appropriate, given that investors received the contemplated return on investment.

In Case You Missed It:

SEC Enforcement Director Gurbir Grewal Leaves the Agency

On October 2, 2024, the SEC [announced](#) that Gurbir Grewal, Director of the Division of Enforcement, would depart the agency, effective October 11, 2024. Sanjay Wadhwa, the Division's Deputy Director, will serve as Acting Director, and Sam Waldon, the Division's Chief Counsel, will serve as Acting Deputy Director.

Crypto.com Sues SEC for Injunctive Relief

On October 8, 2024, Crypto.com brought a lawsuit against the SEC in the US District Court for the Eastern District of Texas for declaratory and injunctive relief to prevent the agency from covering secondary-market sales of certain crypto asset securities.

In the [complaint](#), Crypto.com asserted that (1) the SEC unlawfully expanded its jurisdiction by categorizing secondary-market sales of specific network tokens—"a digital asset used to access or interact with a public blockchain network"—as "Crypto Asset Securities," despite these tokens not being securities under federal law; (2) the SEC's actions pose significant legal risks and compliance burdens, potentially jeopardizing the trading company's operations and the broader digital asset market; and (3) the SEC has adopted a "regulation by enforcement" strategy, an approach in which the agency imposes rules through litigation rather than engaging in the required formal rulemaking process, effectively circumventing statutory procedures.

Crypto.com is asking for relief to declare that the targeted network tokens are not securities transactions under federal law and to issue a permanent injunction against the SEC's enforcement actions related to these transactions.