

### IRS Modifies Proposed February 2012 FATCA Regulations

On October 24, 2012, the Internal Revenue Service (the “IRS”) publicized an initiative in Announcement 2012-42 (the “Announcement”) to revise the February 2012 Foreign Account Tax Compliance Act (“FATCA”) proposed regulations. FATCA comprises Sections 1471 through 1474 of Subtitle A of the Internal Revenue Code.

With the announcement, the most notable changes to the proposed regulations include those matters concerned with applying the FATCA statutes within the originally stipulated time period. Extensions to complete due diligence under FATCA are detailed in the time table chart at the end of the Announcement. The language is expanded to extend the original requirement to withhold on gross proceeds by two years.

The Announcement was also made to broaden groups to which “grandfathered obligations” apply, including withholdable payments that could yield a foreign pass through payment, as well as United States source dividend equivalent payments under certain circumstances. In addition, “grandfathered obligations” will be expanded to comprise collateral obligations.

The IRS-issued Announcement 2012-42, complete with time table chart for due diligence procedures, may be accessed at: <http://www.irs.gov/pub/irs-drop/A-12-42.pdf>

### Guidance for Boards Overseeing ETFs

On October 19, 2012, the Independent Directors Council (“IDC”) released a paper on “Board Oversight of Exchange-Traded Funds” (the “Paper”). The IDC released the Paper in response to the growing demand for exchange-traded funds (“ETFs”), and is meant to provide guidance to ETF directors in performing their oversight responsibilities, as well as a background for non-directors. The Paper provides an overview of ETFs as compared with mutual funds, general board oversight duties, and potential areas that boards should be concerned with. These potential areas of inquiry include, but are not limited to, the exemptive process for ETFs, contractual relationships, portfolio management and trading of underlying securities and disclosure.

The Paper may be accessed through the following link: [http://www.ici.org/pdf/ppr\\_12\\_idc\\_oversight\\_etfs.pdf](http://www.ici.org/pdf/ppr_12_idc_oversight_etfs.pdf).

Additional resources regarding ETFs are available on the Investment Company Institute’s website at [www.ici.org](http://www.ici.org).

### Clarity for Clearing Agency Oversight

In an effort to enhance the regulatory framework for clearing agency supervision, the U.S. Securities and Exchange Commission (the “SEC”) has adopted a final rule establishing minimum requirements for registered clearing agencies. Clearing agencies play an integral role in security transactions and help to ensure that security transactions are settled and cleared accurately, on time, and within agreed-upon terms. The new rule, 17Ad-22 (the “New Rule”), promulgated under Section 17A of the Securities Exchange Act of 1934, as amended, provides that clearing agencies, including agencies that clear security-based swaps, must maintain effective risk management procedures and controls to meet the statutory requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

### HIGHLIGHTS

IRS issues changes under FATCA

ETF oversight guidance

SEC adopts standards for risk management and operations of clearing agencies

SEC extends filing deadlines for filers affected by Superstorm Sandy

Under the New Rule, registered clearing agencies are required to establish, implement, maintain, and enforce certain written policies and procedures reasonably designed to manage risk, membership in the clearing agency, recordkeeping, and other processes.

To read the final rule, please see the following hyperlink:

<http://www.sec.gov/rules/final/2012/34-68080.pdf>

**SEC Press Release:**

<http://www.sec.gov/news/press/2012/2012-215.htm>

### **SEC Announces Assistance to Filers Affected by Superstorm Sandy**

The U.S. Securities and Exchange Commission (the “SEC”) has made accommodations for those filers affected by Hurricane Sandy by extending certain filing deadlines. These filers include: publicly traded companies, investment companies, investment advisers, and other persons with filing obligations such as accountants, brokerage firms, and transfer agents, among others who have filing deadlines falling within the period from October 29, 2012 to November 20,

2012. The filing deadline for these filers was extended to November 21, 2012. If any filers fall under further extenuating circumstances, additional accommodations may be made by the SEC on a case by case basis.

Further information regarding SEC Filing extensions due to Superstorm Sandy may be found at: <http://www.sec.gov/news/press/2012/2012-220.htm>

**For more information, please speak to your relationship manager or visit [jpmorgan.com/wss](http://jpmorgan.com/wss).**

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