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SEC Re-Proposes a Rule Prohibiting Conflicts of Interest in Certain Securitizations



By **Maurine R. Bartlett**
Senior Counsel | Capital Markets



By **Michael S. Gambro**
Partner | Capital Markets



By **Philipp von Pelsler Berensberg**
Associate | Securitization & Asset Based Finance

On January 25, 2023, the Securities and Exchange Commission issued a release proposing Rule 192 under the Securities Act of 1933, as amended, a rule that is designed to prohibit “material conflicts of interest” in certain securitizations. Proposed Rule 192 is intended to implement Section 621 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was codified as Section 27B of the Securities Act. Subject to certain exceptions, Section 27B prohibits certain participants in asset-backed securities securitization transactions from engaging in transactions within a designated time period that would involve or result in any “material conflict of interest.” Section 27B directs the Commission to issue rules implementing this prohibition no later than 270 days after the enactment of Dodd-Frank (*i.e.*, within 270 days of July 21, 2010).

Rule 192 is intended to supersede proposed Rule 127B, which was proposed by the Commission on September 19, 2011, but never adopted. While proposed Rule 127B largely tracked the text of Section 27B, the Re-Proposal asserts that Rule 192 is designed to “provide greater clarity regarding the scope of prohibited and permitted conduct.”

Read our Clients & Friends Memo [here](#).
