

**MEMO# 23460**

May 18, 2009

## **Draft ICI Comment Letter on IOSCO Consultation Report on "Direct Electronic Access" Arrangements**

[23460]

May 18, 2009

TO: EQUITY MARKETS ADVISORY COMMITTEE No. 19-09    RE: DRAFT ICI COMMENT LETTER  
ON IOSCO CONSULTATION REPORT ON "DIRECT ELECTRONIC ACCESS" ARRANGEMENTS

As we previously informed you, the International Organization of Securities Commissions ("IOSCO") has published a Consultation Report ("Report") on possible principles regarding direct electronic access ("DEA"). [\[1\]](#) The Report identifies three key areas where IOSCO is proposing to develop principles to address issues raised by DEA: (1) pre-conditions for DEA; (2) information flow; and (3) adequate systems and controls. For each of these elements, the Report identifies possible principles that would provide guidance in the DEA area. The Institute has prepared the attached draft comment letter on the Report.

The Institute's letter identifies certain issues that could have unintended consequences for funds and other institutional investors. In particular, the letter discusses the need for regulators to (1) protect the confidentiality of investor trading information; (2) maintain flexibility of DEA arrangements; and (3) consider the impact of requirements on sponsoring intermediaries and exchanges.

Comments on the proposal are due to IOSCO by May 20, 2009. Please provide your comments on the draft letter as soon as possible to Eva Mykolenko by email ([emykolenko@ici.org](mailto:emykolenko@ici.org)) or by phone at (202) 326-5837 or to Ari Burstein by e-mail ([aburstein@ici.org](mailto:aburstein@ici.org)) or by phone at 202-371-5408.

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[Attachment](#)

**endnotes**

[1] IOSCO Consultation Report: Policies on Direct Electronic Access (February 2009). The Consultation Report can be found on IOSCO's website at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD284.pdf>.

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