

MEMO# 28480

October 23, 2014

ICI, MFA, and SIFMA Submit Order Routing and Execution Quality Disclosure Template to SEC

[28480]

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TO: EQUITY MARKETS ADVISORY COMMITTEE No. 18-14
SEC RULES MEMBERS No. 38-14 RE: ICI, MFA, AND SIFMA SUBMIT ORDER ROUTING AND EXECUTION QUALITY DISCLOSURE TEMPLATE TO SEC

On October 23, 2014, ICI, the Managed Funds Association, and the Securities Industry and Financial Markets Association (together, the “Associations”) submitted to the Securities and Exchange Commission (“SEC”) an order routing disclosure template for the minimum disclosure of order routing and execution quality information that institutional investors could request from their broker-dealers. The template is intended to inform the SEC staff as it prepares a recommendation for a rule that would require, upon institutional investor request, disclosure of useful, reliable, and uniformly available customer-specific order routing information. A copy of the transmittal letter with the template is attached.

As background, to address buy-side interest in enhancing the level of transparency around equity market structure in general and execution quality in particular, including through better disclosure of statistical data regarding order routing and execution, ICI organized a transparency initiative industry working group. The working group was tasked with developing, among other things, a standardized disclosure template that each broker would provide to its clients. The disclosure would provide a broad range of statistical data regarding the broker’s handling of a specific customer’s orders, along with the execution quality achieved by the broker at each execution venue.

The working group has produced the template for the minimum disclosure of order routing and execution quality information, which would be provided by broker-dealers at regular intervals. The information in the template would provide institutional investor clients of broker-dealers, including funds and their managers, with standardized information about their broker-dealers’ order routing practices and execution quality. The standardized information would provide institutional investor clients with data for further analysis and comparison and would help institutional investors begin a dialogue with their broker-dealers about order routing practices and the management of conflicts of interest.

The template was endorsed by the Associations as the product of collaboration among a broad segment of industry participants. The Associations believe that increased, uniform transparency will assist institutional investors with determining execution quality and increase overall investor confidence in the equity markets.

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[Attachment](#)

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