

**MEMO# 27234**

May 9, 2013

# **Draft ICI and ICI Global Comment Letter to IOSCO on Principles for Financial Benchmarks; Comments Requested by Monday, May 13**

[27234]

May 9, 2013

TO: ETF (EXCHANGE-TRADED FUNDS) COMMITTEE No. 23-13  
ETF ADVISORY COMMITTEE No. 24-13  
ICI GLOBAL EXCHANGE TRADED FUNDS COMMITTEE No. 6-13  
ICI GLOBAL MEMBERS  
INTERNATIONAL COMMITTEE No. 14-13  
SEC RULES COMMITTEE No. 21-13 RE: DRAFT ICI AND ICI GLOBAL COMMENT LETTER TO  
IOSCO ON PRINCIPLES FOR FINANCIAL BENCHMARKS; COMMENTS REQUESTED BY MONDAY,  
MAY 13

As you know, following up on an earlier consultation, [\[1\]](#) on April 16 the International Organization of Securities Commissions (“IOSCO”) released a “Consultation Report on Principles for Financial Benchmarks” (“Consultation”). [\[2\]](#) The Consultation proposes a framework of policy guidance and principles for benchmarks used in financial markets.

A draft letter from ICI and ICI Global in response to the consultation is attached for your review. Comments are due to IOSCO on Thursday, May 16. Please provide your comments on the draft letter to Mara Shreck ([mshreck@ici.org](mailto:mshreck@ici.org) / 202 326-5923) no later than Monday, May 13.

The draft letter generally supports IOSCO’s proposed principles for financial benchmarks. In particular, we support IOSCO’s two-tiered approach, which includes high level principles for all financial benchmarks, and more specific principles addressed only to those benchmarks that have demonstrated specific risks.

The draft letter begins by offering general comments on the high level principles that apply to commercial indices. It then addresses concerns regarding possible regulatory action by IOSCO members to implement the principles. Next, the draft letter discusses in more detail the principles that have a more direct impact on index fund managers – those dealing with the quality of benchmarks and methodologies. Finally, the draft letter addresses the more

specific principles proposed for survey-based benchmarks and those with ownership structures that may create conflicts of interest.

Mara Shreck  
Associate Counsel

## [Attachment](#)

### **endnotes**

[1] In January, IOSCO published a report by its board-level task force on financial benchmarks, on which ICI and ICI Global commented. See IOSCO Financial Benchmarks Consultation Report, CR01/13, January 2013, available at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD399.pdf>. See also Letter from Karrie McMillan, General Counsel, Investment Company Institute, and Dan Waters, Managing Director, ICI Global, to Alp Eroglu, International Organization of Securities Commissions, dated Feb. 11, 2013, available at <http://www.ici.org/pdf/27001.pdf>.

[2] IOSCO Principles for Financial Benchmarks Consultation Report, CR04/13, April 2013, available at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD409.pdf>.

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.