

**MEMO# 29266**

August 18, 2015

## **ICI Files Comment Letter on SEC's Request for Information Regarding ETPs**

[29266]

August 18, 2015

TO: ETF (EXCHANGE-TRADED FUNDS) COMMITTEE No. 20-15  
ETF ADVISORY COMMITTEE No. 19-15 RE: ICI FILES COMMENT LETTER ON SEC'S REQUEST FOR INFORMATION REGARDING ETPS

Yesterday, the Investment Company Institute filed a letter with the SEC responding to the SEC's request for comment relating to the listing and trading of ETPs on national securities exchanges. \* The SEC stated that, among other reasons, it was requesting information about ETPs to help inform: (1) its analysis of the trading of new, novel, or complex ETPs; and (2) its review of requests by ETPs for relief under the Securities Exchange Act of 1934 and of filings by exchanges seeking approval of listing standards for new ETPs.

Although the SEC requested comment on all types of ETPs, we limited our comments to ETFs registered under the Investment Company Act of 1940. Specifically, our letter focuses on areas where ICI has available data and particular insights. These include the following topics:

- ETF arbitrage and market pricing in four categories of domestic bond ETFs—ETFs investing in U.S. government bonds, corporate bonds (excluding high-yield), high-yield bonds, and municipal bonds—over two timeframes (May 10, 2013 to July 31, 2013 (the “Taper Tantrum” period) and the most recent comparable length timeframe from May 11, 2015 to July 31, 2015);
- The activities of APs, including results from our 2014 survey that collected information on APs from ICI members that sponsor ETFs;
- The need for enhancements to the SEC's process for approving exchange listing standards; and
- ETF closures and liquidations.

While not directly within scope of the Release, the letter also strongly encourages the SEC to revisit the ETF rule first proposed in 2008 that would allow most ETFs to begin operating without obtaining from the SEC individual exemptive orders under the Investment Company Act. The letter notes that a more uniform regulatory framework built on the experience gained through the review and approval of many individual applications for exemptive relief would help eliminate the current disparate array of exemptive orders that permits some

ETF sponsors more flexibility in product offerings than other ETF sponsors.

Jane G. Heinrichs  
Associate General Counsel

[Attachment](#)

\*See Request for Comment on Exchange-Traded Products, SEC Release No. 34-75165 (June 12, 2015) (“Release”), available at <http://www.sec.gov/rules/other/2015/34-75165.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.