

**MEMO# 26275**

June 28, 2012

## **ICI Comment Letter on IOSCO Consultation on ETFs**

[26275]

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TO: ETF (EXCHANGE-TRADED FUNDS) COMMITTEE No. 21-12  
ETF ADVISORY COMMITTEE No. 20-12  
INTERNATIONAL COMMITTEE No. 21-12 RE: ICI COMMENT LETTER ON IOSCO CONSULTATION  
ON ETFS

As we previously informed you, [\[1\]](#) in March 2012, the Technical Committee of the International Organization of Securities Commissions (“IOSCO”) issued a consultation report, Principles for the Regulation of Exchange Traded Funds (the “Report”). [\[2\]](#)

In the Report, IOSCO states that it has developed 15 proposed common investor-protection principles or guidelines on ETFs to guide regulators and markets. [\[3\]](#) The principles are intended to be adaptable to different regulatory frameworks. The Report groups the principles into four categories: (1) principles related to ETF classification and disclosure; (2) principles related to marketing and sale of ETF shares; (3) principles related to the structuring of ETFs; and (4) issues broader than ETFs (which focuses on market integrity).

The Institute filed the attached comment letter on the Report with IOSCO. The letter states that we believe that, by and large, IOSCO has appropriately identified principles that are important for ETF regulation globally, and we support the expression of those principles as set forth in the Report. The letter notes, however, that most of the principles are not specific or inherent to ETFs but rather apply broadly to CIS. Accordingly, the letter recommends adding an explanatory preamble to Appendix A, which lists the principles for ETF regulation. Such a preamble would explain that most of the principles are not unique to ETFs, but that the Report seeks to focus on how they apply to ETFs in the narrative accompanying the principles. The letter then addresses each of the principles in more detail, explaining the Institute’s support and offering more specific comments which generally explain how the principles are reflected in regulation and business practices in the United States.

Mara Shreck  
Associate Counsel

## [Attachment](#)

### **endnotes**

[1] See ICI [Memorandum](#) No. 26249, dated June 20, 2012.

[2] IOSCO CRO5/12, Principles for the Regulation of Exchange Traded Funds, Consultation Report, March 2012, available at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD376.pdf>.

[3] IOSCO states that the term “ETF” refers only to ETFs organized as collective investment schemes (“CIS”) and, for the United States, only ETFs regulated under the ICA. Report at 2 and footnote 7.

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