

**MEMO# 27240**

May 16, 2013

# **ICI and ICI Global Comment Letter to IOSCO on Principles for Financial Benchmarks**

[27240]

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TO: ETF (EXCHANGE-TRADED FUNDS) COMMITTEE No. 24-13  
ETF ADVISORY COMMITTEE No. 25-13  
ICI GLOBAL EXCHANGE TRADED FUNDS COMMITTEE No. 7-13  
ICI GLOBAL MEMBERS  
INTERNATIONAL COMMITTEE No. 15-13  
SEC RULES COMMITTEE No. 22-13 RE: ICI AND ICI GLOBAL COMMENT LETTER TO IOSCO ON PRINCIPLES FOR FINANCIAL BENCHMARKS

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.

ICI and ICI Global submitted a joint comment letter, which is attached to this memorandum. The letter generally supports IOSCO’s proposed principles for financial benchmarks. In particular, it expresses support for 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 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 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 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>.

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