

**MEMO# 33008**

December 22, 2020

# **SEC's Fixed Income Market Structure Advisory Committee Issues Annual Report**

[33008]

December 22, 2020 TO: ICI Members  
Equity Markets Advisory Committee  
ETF (Exchange-Traded Funds) Committee  
ETF Advisory Committee  
Fixed-Income Advisory Committee  
Investment Advisers Committee  
Municipal Securities Advisory Committee SUBJECTS: Disclosure  
Exchange-Traded Funds (ETFs)  
Fixed Income Securities  
Investment Advisers  
Municipal Securities  
Trading and Markets RE: SEC's Fixed Income Market Structure Advisory Committee Issues Annual Report

On December 21, 2020, Securities and Exchange Commission ("Commission") Chairman Jay Clayton issued a statement<sup>[1]</sup> announcing that the Commission's Division of Trading and Markets released its staff report on the Fixed Income Market Structure Advisory Committee's work over the past year ("FIMSAC Report").<sup>[2]</sup>

In October, Chairman Clayton, with the concurrence of the other commissioners, extended the Committee's term until March 2021 to complete the current work of the FIMSAC's subcommittees and continue to assist the Commission with its ongoing efforts to monitor and respond to the effects of the COVID-19 pandemic on the fixed income markets.

The FIMSAC Report summarizes the Committee's work and recommendations during 2020, focusing on the efforts of each of its five subcommittees: (1) Corporate Bond Transparency Subcommittee, (2) Municipal Securities Transparency Subcommittee, (3) ETFs and Bond Funds Subcommittee, (4) Technology and Electronic Trading Subcommittee, and (5) Credit Ratings Subcommittee. In 2020, the FIMSAC made six recommendations to the Commission, which the Report describes in greater detail:

1. A series of recommendations designed to improve the timeliness of municipal securities disclosure;<sup>[3]</sup>

2. A recommendation that the Commission determine whether there are actions that can be taken by it, the Municipal Securities Rulemaking Board, or others to provide additional pre-trade price transparency in the municipal securities market;[\[4\]](#)
3. A recommendation regarding additional TRACE reporting indicators for corporate bond trades;[\[5\]](#)
4. A recommendation to modernize Rule 17a-7 under the Investment Company Act of 1940 regarding cross trades;[\[6\]](#)
5. A recommendation to define “electronic trading” for consistent regulatory application and reporting purposes;[\[7\]](#) and
6. A recommendation regarding ways to mitigate conflicts of interest in credit ratings.[\[8\]](#)

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#### endnotes

[\[1\]](#) Chairman Jay Clayton, Statement on the Fixed Income Market Structure Advisory Committee (Dec. 21, 2020), *available at* <https://www.sec.gov/news/public-statement/clayton-fimsac-2020-12-21>.

[\[2\]](#) SEC Staff Report on the Third Year of the Fixed Income Market Structure Advisory Committee (Dec. 21, 2020), *available at* <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-report-2020.pdf>.

[\[3\]](#) See FIMSAC Recommendation Regarding Timeliness of Financial Disclosures in the Municipal Securities Market (Feb. 10, 2020), *available at* <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-muni-financial-disclosures-recommendation.pdf>.

[\[4\]](#) See FIMSAC Recommendation Concerning Pre-Trade Transparency in the Municipal Securities Market (June 1, 2020), *available at* <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-recommendations-pre-trade-transparency.pdf>.

[\[5\]](#) See FIMSAC Recommendation Regarding Additional TRACE Reporting Indicators for Corporate Bond Trades (Feb. 10, 2020), *available at* <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-additional-trace-flags-recommendation.pdf>.

[\[6\]](#) See FIMSAC Recommendation Regarding Modernizing Rule 17a-7 under the 1940 Act (June 1, 2020), *available at* <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-recommendation-internal-fund-cross.pdf>.

[7] See FIMSAC Recommendation Regarding Defining “Electronic Trading” for Regulatory Purposes (Oct. 5, 2020), *available at* <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-recommendation-definition-of-electronic-trading.pdf>.

[8] See FIMSAC Recommendation Regarding Ways to Mitigate Conflicts of Interest in Credit Ratings (June 1, 2020), *available at* <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-recommendations-credit-ratings-subcommittee.pdf>.

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