

**MEMO# 28702**

February 3, 2015

# **Draft Letter to FSB on Collection of Data on Securities Lending, Repo, and Margin Lending Transactions; Comments Requested by Monday, February 9**

[28702]

February 3, 2015

TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 1-15  
ICI GLOBAL SECURITIES LENDING & REPO TASK FORCE No. 1-15  
INTERNATIONAL COMMITTEE No. 5-15  
INTERNATIONAL OPERATIONS ADVISORY COMMITTEE No. 1-15  
MONEY MARKET FUNDS ADVISORY COMMITTEE No. 6-15  
SEC RULES COMMITTEE No. 4-15 RE: DRAFT LETTER TO FSB ON COLLECTION OF DATA ON SECURITIES LENDING, REPO, AND MARGIN LENDING TRANSACTIONS; COMMENTS REQUESTED BY MONDAY, FEBRUARY 9

As you know, the Financial Stability Board has issued a number of consultations over the past two years addressing perceived financial stability risks in the securities lending and repo markets. The latest FSB consultation, published on November 13, relates to the regulatory reporting of data on three types of securities financing transactions: repos, securities lending, and margin lending. [\[1\]](#)

A draft letter in response to the FSB is attached. The letter is largely supportive of the FSB's basic concept and framework for reporting aggregated data to the FSB. The letter, however, also expresses a number of concerns and makes several additional points:

- The consultation is overly ambitious., The draft letter expresses "serious reservations" about the scope of the FSB's proposed data collection, and reiterates our recommendation that the FSB should reconsider whether each data element is necessary to fulfill the purposes for the data collection.
- Data elements should be further refined. The letter supports the concept that, to the extent possible, reporting should be based on standard data identifiers such as LEIs and ISINs. The letter points out that given those standard identifiers, regulators may not need to collect certain other fields of information.

- Flexibility at the national level is critical. The letter fully supports the FSB's express recognition that data collection at the national or regional level could be collected in different ways to avoid unnecessary duplication and costs. In particular, the letter supports the possibility that data could be collected from sources other than the counterparties to the trade.
- Regulators, including the FSB, should have their own data security in place. The letter recommends that the FSB take a much stronger position on data security. It recommends that the FSB have, and that it require each national and regional regulator to have, appropriate systems and procedures in place to ensure the confidentiality and security of data collected before requesting it from market participants.
- Aggregated data should be made public. The letter strongly recommends that the FSB make its global aggregated data public.
- The FSB should conduct a robust economic analysis. The letter reiterates our long-standing comments that regulators should demonstrate that a proposal's costs and burdens are justified in light of the nature and extent of the benefits that will be achieved. The letter recommends that the FSB follow that path, noting that we would like to see the FSB take a more proactive role in designing its recommendations with the economic consequences on investors in mind.

Comments are due to the FSB by February 12, 2015. Please provide any comments on the draft ICI Global letter to me at [rcg@ici.org](mailto:rcg@ici.org) or 202-371-5430 no later than Monday, February 9.

Robert C. Grohowski  
Associate General Counsel

[Attachment](#)

#### **endnotes**

[1] Financial Stability Board, Standards and Processes for Global Securities Financing Data Collection and Aggregation (November 13, 2014), available at <http://www.financialstabilityboard.org/wp-content/uploads/Global-SFT-Data-Standards-Consultative-Document.pdf>. See ICI [Memorandum](#) No. 27560 (September 12, 2013).