

MEMO# 29923

May 20, 2016

Draft ICI Comment Letter on Proposed Rules of a Security-Based Swap Data Repository

[29923]

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TO: DERIVATIVES MARKETS ADVISORY COMMITTEE No. 23-16
ICI GLOBAL TRADING & MARKETS COMMITTEE No. 20-16 RE: DRAFT ICI COMMENT LETTER
ON PROPOSED RULES OF A SECURITY-BASED SWAP DATA REPOSITORY

As previously reported, ICE Trade Vault has submitted an application to operate a security-based swap data repository (“SDR”) to the Securities and Exchange Commission (“SEC”).

[1] If a fund is counterparty to a trade reported to ICE Trade Vault, the ICE Trade Vault rulebook would require that fund to enroll as a “Participant” of the SDR. As a “Participant,” the fund would have various obligations under ICE Trade Vault’s rulebook that the SEC did not contemplate when it adopted its reporting rules for security-based swaps (“Regulation SBSR”) and SDR registration rules. [2]

ICI’s draft comment letter on ICE Trade Vault’s proposed rulebook is attached for your review. If you have any comments on the draft letter, please send them in writing to George Gilbert at george.gilbert@ici.org by close of business on May 27.

The draft letter commends the Commission for recognizing that funds and other end users of security-based swaps typically will lack infrastructure to report these transactions to SDRs and for adopting rules that generally recognize these limitations. The letter recommends that the Commission follow certain principles in reviewing and approving SDR rulebooks, including those of ICE Trade Vault, to prevent SDRs from burdening funds and other end users of security-based swaps in ways that the Commission never intended under Regulation SBSR and the SDR registration rules.

Part I of our letter explains the legal requirements that the Commission imposed on funds and other end users of security-based swaps in Regulation SBSR and describes why the Commission should not allow SDRs to expand the scope of these requirements. Part II urges the Commission not to approve SDR rules that would condition a fund’s ability to meet its reporting requirements under Regulation SBSR on the fund agreeing to become a participant of that SDR. Part III urges the Commission not to approve any SDR rule that would expand the scope of obligations placed on funds and other end users of security-

based swaps. Part IV recommends that the Commission ensure that SDR rulebooks contain unambiguous and complete information to allow potential users to understand SDR operations.

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[Attachment](#)

endnotes

[1] See ICI Memorandum 29893, available at https://www.ici.org/my_ici/memorandum/memo29893 (May 5, 2015).

[2] See 17 CFR 240.13n-1-240.13n-11 (the SDR registration rules); 17 CFR 242.900-909 (Regulation SBSR).

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