

MEMO# 28972

May 12, 2015

Comment Letter to SEC Requesting Re-Proposal of Margin Rules for Security-Based Swap Dealers

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TO: SECURITIES OPERATIONS ADVISORY COMMITTEE RE: COMMENT LETTER TO SEC REQUESTING RE-PROPOSAL OF MARGIN RULES FOR SECURITY-BASED SWAP DEALERS

ICI submitted a letter to the Securities and Exchange Commission (“Commission” or “SEC”) requesting that the SEC re-propose its capital, margin, and segregation proposal for security-based swap dealers (“SBSDs”) and major security-based swap participants (“MSBSPs”) to be consistent with both international standards and recent proposals of other US regulators. [1] The letter expresses concern that the significant differences between the current proposal under consideration by the SEC and the proposals of other US regulators and the international standards adopted by the Basel Committee on Banking Supervision (“BCBS”) and the International Organization of Securities Commissions (“IOSCO”) would make it impossible to achieve international harmonization of margin rules for uncleared derivatives. The letter also discusses how the key elements of the SEC’s margin proposal are inconsistent with those of other regulators and the International Margin Framework.

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endnotes

[1] Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital Requirements for Broker-Dealers, 77 FR 70214 (Nov. 23, 2012) (“Proposal”), available at <http://www.gpo.gov/fdsys/pkg/FR-2012-11-23/pdf/2012-26164.pdf>. ICI has submitted two comment letters in response to the Proposal. See Letter from Karrie McMillan, General Counsel, Investment Company Institute, to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, dated December 5, 2013, available at <http://www.ici.org/pdf/27742.pdf>; Letter from Karrie McMillan, General Counsel, Investment Company Institute, to Elizabeth M. Murphy, Secretary, Securities and Exchange

Commission, dated February 4, 2013, available at <http://www.ici.org/pdf/26967.pdf>.

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