

MEMO# 23474

May 21, 2009

ICI Comment Letter on IOSCO Consultation Report on "Direct Electronic Access" Arrangements

[23474]

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TO: EQUITY MARKETS ADVISORY COMMITTEE No. 20-09
INTERNATIONAL COMMITTEE No. 5-09
SEC RULES COMMITTEE No. 24-09 RE: ICI COMMENT LETTER ON IOSCO CONSULTATION
REPORT ON "DIRECT ELECTRONIC ACCESS" ARRANGEMENTS

As we previously informed you, the International Organization of Securities Commissions ("IOSCO") has published a Consultation Report ("Report") [\[1\]](#) on possible principles regarding direct electronic access ("DEA"). [\[2\]](#) The Report identifies three key areas where IOSCO is proposing to develop principles to address issues raised by DEA: (1) pre-conditions for DEA; (2) information flow; and (3) adequate systems and controls. For each of these elements, the Report identifies possible principles that would provide guidance in the DEA area. The Institute submitted the attached comment letter on the Report.

The Institute's letter identifies certain issues that could have unintended consequences for mutual funds and other institutional investors. In particular, the letter discusses the need for regulators to (1) protect the confidentiality of investor trading information; (2) maintain flexibility of DEA arrangements; and (3) consider the impact of requirements on sponsoring intermediaries and exchanges.

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[Attachment](#)

endnotes

[1] IOSCO Consultation Report: Policies on Direct Electronic Access (February 2009). The Consultation Report can be found on IOSCO's website at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD284.pdf>.

[2] See [Memorandum](#) to Equity Markets Advisory Committee No. 6-09, International Committee No. 2-09, and SEC Rules Committee No. 9-09, dated March 2, 2009 [23282].

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