

MEMO# 27011

February 14, 2013

ICI and ICI Global Comment Letter to the Monetary Authority of Singapore in Response to Consultation Paper on Draft Regulations for Trade Repositories and Clearing Facilities

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TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 21-13
DERIVATIVES MARKETS ADVISORY COMMITTEE No. 19-13
ICI GLOBAL MEMBERS
INTERNATIONAL MEMBERS No. 12-13
SEC RULES MEMBERS No. 24-13 RE: ICI AND ICI GLOBAL COMMENT LETTER TO THE
MONETARY AUTHORITY OF SINGAPORE IN RESPONSE TO CONSULTATION PAPER ON DRAFT
REGULATIONS FOR TRADE REPOSITORIES AND CLEARING FACILITIES

ICI and ICI Global submitted a letter to the Monetary Authority of Singapore (“MAS”) in response to its draft regulations proposed for trade repositories and clearing facilities for over-the-counter derivatives. The letter is attached and briefly summarized below.

As a general matter, the letter encourages international regulators, including MAS, to engage with one another to achieve real and meaningful coordination on how cross-border derivatives transactions should be appropriately regulated. The letter states that, without a clear agreement among regulators on a framework for how cross-border swaps transactions will be regulated by multiple jurisdictions, global firms will face significant burdens in implementing a worldwide compliance system.

In addition to potentially conflicting and/or duplicative requirements imposed on counterparties, the letter discusses a unique issue that regulated funds face with respect to the collateral and other property they post when engaging in derivatives transactions. Although the MAS consultation does not specifically discuss the manner in which clearing facilities will “hold” customer funds, the letter focuses on the specific custodial issues that regulated funds must address when they engage in derivatives transactions for which MAS regulations on customer collateral may apply. To illustrate the potential conflicts between derivatives regulations on collateral protection and the legal restrictions on how collateral

for funds must be custodied and maintained, the letter attaches an appendix, which describes the custodial requirements for funds regulated under the laws of the United States, Hong Kong and Ireland (UCITS). The letter requests that MAS also permit, as an option within its derivatives regulatory framework, the use of a third-party custodian to hold collateral of a regulated fund.

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[Attachment](#)

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