

**MEMO# 33787**

September 24, 2021

## **ICI Joins Letter to SEC on Application of Rule 15c2-11 to Fixed Income**

[33787]

September 24, 2021

TO: ICI Members

Fixed-Income Advisory Committee SUBJECTS: Fixed Income Securities

Trading and Markets

Valuation RE: ICI Joins Letter to SEC on Application of Rule 15c2-11 to Fixed Income

On September 23, ICI joined several industry associations in submitting the attached letter to the SEC on the applicability of Rule 15c2-11 to the fixed income markets. The rule concerns the publishing of quotes for securities in OTC markets and requires broker-dealers to collect, record, and review for timeliness, accuracy, reliability and "public availability" of certain information related to securities before "publishing a quote" in any quotation system for OTC quotes. The rule was further amended in October 2020 to add the "public availability" requirement, with a compliance date of September 28th.

The letter states that the SEC should not apply the rule to the fixed income markets without first adapting its requirements. The letter emphasizes that the rule, which was originally adopted in 1971, was intended to apply to OTC equity trading activity and meant to protect retail investors. Therefore, the letter states that revisions should be made through the rulemaking process, which would allow the SEC to conduct a cost-benefit analysis, provide an opportunity for public comment, and provide a more complete public policy analysis for the scope of and rationale for applying the rule to those markets. The letter further explains that applying the existing framework to fixed income would risk market participants restricting their quoting activities, thereby reducing liquidity and transparency and harming members' ability to transact efficiently and manage risk for their clients, as well as undermine the growth in electronic fixed income trading.

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