

**MEMO# 34083**

March 22, 2022

# **ICI Files Comment Letter to SEC on Large Security-Based Swap Position Proposal**

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TO: ICI Members  
Derivatives Markets Advisory Committee  
Equity Markets Advisory Committee  
SUBJECTS: Derivatives  
Trading and Markets  
RE: ICI Files Comment Letter to SEC on Large Security-Based Swap Position Proposal

ICI has filed the attached comment letter with the SEC on its large security-based swap ("SB swap") position reporting proposal. The letter addresses proposed Rule 10B-1, which would require any person with an SB swap position of a certain size, based on specified calculations, to file a Schedule 10B on a T+1 basis that discloses information related to the position.

ICI states that it opposes the proposal, which would create a new and complex reporting framework that is duplicative to existing fund disclosure requirements and would lead to unintended consequences for both funds and overall market liquidity. Therefore, ICI urges the SEC to reconsider the proposal and reassess whether it would appropriately achieve the rule's objectives.

If the SEC moves forward with the rule, however, ICI recommends that the SEC revise the rule in the following respects:

- Not publicly disseminate Schedule 10B and lengthen the time for preparing and submitting a filing. While the letter opposes the T+1 timeframe, it does not recommend a specific alternative at this time and states that ICI continues to assess the SEC's other recent reporting proposals in tandem with this proposal.
- Rely on relevant information that the SEC already receives and utilizes for oversight and limit the scope of what must be reported under Rule 10B-1 to only information that it currently does not obtain under other existing reporting requirements.
- Streamline the calculation methodologies by (i) adopting a component-based approach to reporting SB swap positions based on a narrow-based security index; and (ii) establishing a single "SB swap equivalent position" threshold for SB swaps based

on equity securities, rather than the proposed bifurcated approach.

- Provide an adequate compliance period to allow funds to implement the systems and processes necessary to comply with the rule. The letter emphasizes that any compliance period must holistically consider the collective impact of the many other reporting rules the SEC recently has proposed, which will also impact funds.

Finally, ICI requests that the SEC (i) clarify whether the rule requires aggregation of positions across funds in a complex; and (ii) revise the proposed rule text to replace the references to "owner or seller."

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