

MEMO# 35420

August 25, 2023

ICI Letter to SEC on Aggregated Impact of Rulemaking

[35420]

August 24, 2023

TO: ICI Members SUBJECTS: Compliance

Cybersecurity

Disclosure

ESG

Money Market Funds

Trading and Markets RE: ICI Letter to SEC on Aggregated Impact of Rulemaking

We recently submitted the attached letter to the SEC noting that it has issued a wide range of interconnected rule proposals (the "Interconnected Rules") over the last two-and-a-half years but has failed to consider and analyze the Interconnected Rules holistically.[\[1\]](#) We pointed out that, in addition to being substantively flawed, the rules have serious procedural deficiencies, including the Commission's failure to consider the effect of interconnected and interdependent proposals in its cost-benefit analyses. The letter then requests that the Commission:

- i. publish a thorough analysis of the cumulative effects of the Interconnected Rules that accounts for interconnections and dependencies among them and any other rules the Commission has proposed or intends to propose in the near term,
- ii. reopen the comment periods for the Interconnected Rules to provide the public a fair and reasonable opportunity to understand and assess holistically the Commission's proposals (and its justification for the proposals as a package), and
- iii. with the benefit of an appropriate analysis and public comment, finalize the rules holistically, not one at a time or in isolated series, taking into account not just the expected effects on investors and our capital markets but also practical realities such as implementation timelines as well as operational and compliance requirements.

Further, the letter recommends that the Commission publish, for public notice and comment, proposed, phased multi-year implementation schedules that take into account the interconnections and dependencies among the Interconnected Rules. The letter states that failing to take this approach would violate the Commission's obligations under the Administrative Procedures Act ("APA") and its tripartite mission to protect investors and facilitate capital formation while maintaining fair, orderly, and efficient markets.

The letter is accompanied by an appendix that provides several examples of procedural and substantive deficiencies in the SEC's current rulemaking process.

Dorothy M. Donohue
Deputy General Counsel - Securities Regulation

Notes

[\[1\]](#) See Letter from Eric J. Pan, President and CEO and Susan Olson, General Counsel, Investment Company Institute to Chair Gary Gensler, Securities and Exchange Commission (August 17, 2023).

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