

MEMO# 35703

May 17, 2024

Chair Gensler's Remarks at the SEC's Conference on Emerging Trends in Asset Management

[35703]

May 16, 2024

TO: ICI Members
Investment Company Directors
Chief Compliance Officer Committee
CIT Advisory Committee
Investment Advisers Committee
Liquidity Rule Implementation Working Group
Money Market Funds Advisory Committee
Retail SMA Advisory Committee
SEC Rules Committee
Small Funds Committee SUBJECTS: Bank Regulation
Compliance
Exchange-Traded Funds (ETFs)
Fixed Income Securities
Investment Advisers
Risk Oversight RE: Chair Gensler's Remarks at the SEC's Conference on Emerging Trends in Asset Management

This morning, as part of the SEC's Conference on Emerging Trends in Asset Management, Chair Gensler delivered a keynote address titled, "Jack Bogle, Haystacks, and Putting the Interest of the Clients First."[\[1\]](#) His remarks covered a number of subject areas, including the growth of investment products and retail investing over time, the role of technology in the asset management industry, and the regulatory gap between collective investment funds and open-end funds. Chair Gensler highlighted many recent rulemakings and proposals throughout his speech and indicated that the SEC may be revisiting or reproposing the predictive data analytics and safeguarding proposals. He organized his remarks by product type: registered funds, private funds, and separately managed accounts.

Registered Funds

With respect to registered funds, Chair Gensler:

- highlighted the growth of passive investment strategies and noted that the largest three ETF complexes manage nearly 75 percent of the more than \$7 trillion in net ETF assets.
- noted that, given the trend toward passive investment strategies, the staff continues to consider the public comments received on the 2022 request for comment on index providers, model portfolio providers, and pricing services.
- mentioned the open-end fund liquidity risk management proposal.
- expressed concern with the less regulated nature of collective investment funds (particularly with respect to liquidity, leverage, reporting, and governance) and noted that he has instructed staff to consult with bank regulators on how to best address these "regulatory gaps."

Private Funds

With respect to private funds, Chair Gensler highlighted:

- the tremendous growth in assets, particularly in private credit.
- the significant leverage in the private funds industry and noted several recent rulemakings intended to address potential financial stability concerns, including treasury clearing rules, amendments to Form PF, and the private fund adviser rule.

Separately Managed Accounts

With respect to separately managed accounts, Chair Gensler:

- noted the significant recent growth in their number and attributed the growth in part to the rise of robo-advisers.
- discussed the predictive data analytics proposal, acknowledging that the SEC has received a lot of public input on it and stating that he has "asked staff to consider whether it would be appropriate to seek further comment, possibly, on a modified proposal."
- noted the "robust feedback" on the investment advisers' safeguarding of client assets proposal and stated that he has "also asked staff to consider whether it would be appropriate to seek further comment, possibly, on a modified proposal."

Chair Gensler closed by mentioning some of the SEC's recent work in publishing aggregate data on registered funds.

Amy McDonald
Associate General Counsel - Securities Regulation

Notes

[1] Chair Gensler's speech is available at:
<https://www.sec.gov/news/speech/gensler-etam-051624>.