

VIDEO

December 26, 2014

Focus on Funds: Funds Face Regulatory Changes in United States, Europe

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The December 26, 2014, edition of *Focus on Funds* examines how U.S. and EU regulators' efforts to adjust rules governing trading and market structure will affect the buy side.

Transcript

Stephanie Ortvals-Tibbs, ICI Director, Media Relations: Welcome to Focus on Funds, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

On the US and international front, there are major issues facing the buy side involving trading and market structure.

ICI senior counsel Ari Burstein outlined for me the latest agenda.

Ari Burstein, ICI Senior Counsel: So, in Europe the focus has been on implementing the reforms to MiFID.

That's really front and center right now. There's a lot of work to be done in that area across all asset classes. So you have work on the equities markets, implications for the fixed income market, a lot of work on the derivatives markets.

In the US, there's a real focus again on wide range of market structure issues really coming out of the SEC Chair White speech that she gave a few months ago. It laid out a very aggressive, robust agenda for the SEC to move forward. We're still waiting for some of those reforms to come out.

So again we're watching, waiting, ready to comment on those.

Stephanie Ortvals-Tibbs:

Can I also ask you about the comment letter you're preparing on a particular issue the SEC is preparing to move on, and that's the tick size decimalization issue. What are we doing there?

Ari Burstein: ICI has been very supportive of the goals of that proposal to increase liquidity in the markets. Very important for our members, for investors overall.

With that said, there are some concerns: the scope of the proposal, the cost associated with the proposal, the time it will take to implement this. Again, while we support the goals of the project, there are probably other issues we'd like to see the SEC take on before or in conjunction with this pilot.

Stephanie Ortals-Tibbs: All right, the last thing I'd like to ask you about is your recent conversation with David Lawton with the FCA—the Financial Conduct Authority in the UK. Lots of interesting comments. Anything that struck you during the extended conversation you had with him from a regulatory standpoint that global funds should know about?

Ari Burstein: Sure, so,--again—I think that besides our discussion on some of the specific issues, it was interesting to hear him talk about the importance of the right culture in our industry, across sell-side, buy-side, you know, our members. That it starts from the top. There needs to be a right culture, a focus on the right behavior in the markets. As well as another point he made is that the buy-side really needs to get more engaged in these issues. It's helpful for the FCA. It's helpful for other regulators. It's helpful for policy-makers in general, so I thought that was certainly interesting and something that we'll focus on and take moving forward.

Stephanie Ortals-Tibbs: That's this week in funds. See you next week.

Additional Resources

- [ICI Global Response to MiFID/MiFIR ESMA Consultation](#)