IDC Independent Directors Council

MEMO# 35938

Wed, 11/27/2024 - 12:25

ICI Sends Letter to SEC Chair Gensler, Requesting Pause on Regulatory Work

[35938]

November 27, 2024

TO: ICI Members
Investment Company Directors SUBJECTS: Anti-Money Laundering
Compliance
Cybersecurity
Disclosure
ESG
Fixed Income Securities
Fund Accounting & Financial Reporting
Investment Advisers
Operations
Portfolio Oversight
Privacy
Risk Oversight
Trading and Markets RE: ICI Sends Letter to SEC Chair Gensler, Requesting Pause on Regulatory Work

Last week, ICI sent a letter (linked below) to SEC Chair Gensler, requesting that the SEC (i) suspend the compliance dates for certain recent regulatory actions, (ii) halt work on not-yet-finalized rulemaking, and (iii) extend soon-to-expire relief that would have a significant impact on registered investment companies ("funds") and their shareholders and investment advisers and their clients. Given the likelihood that the President-elect will seek leadership changes at the SEC, we believe that the next SEC Chair should be given the opportunity to determine whether and how to advance recent rule adoptions and outstanding proposals impacting investors, funds, investment advisers, and the capital markets overall.

First, we request that the Commission suspend upcoming compliance deadlines for the recently adopted rules and amendments related to:

- Fund names
- Form N-PORT
- Reporting of securities loans

- Short position and short activity reporting by institutional investment managers
- Treasury clearing
- "Dealer" and "government securities dealer" definitions
- Regulation S-P
- Regulation NMS

We note that several of these recent rule adoptions are currently subject to challenge in court.

Second, we strongly urge the SEC to stop all work on the following outstanding proposals:

- Cybersecurity risk management for investment advisers and funds
- Enhanced ESG disclosures by certain advisers and funds
- Outsourcing by advisers
- Open-end fund liquidity risk management programs and swing pricing
- Safeguarding advisory client assets
- Conflicts of interest associated with predictive data analytics by broker-dealers and advisers
- Best execution
- Order competition and auctions for retail orders
- Expanded definition of "exchange"
- Customer identification programs for advisers
- Financial Data Transparency Act joint data standards

We note that ICI and many other commenters either opposed these proposals in their entirety or certain major aspects of them.

Finally, we reiterated our concerns about applying Rule 15c2-11 under the Exchange Act to fixed income securities. We then followed up this request with a more detailed letter, and late last week, the SEC staff extended indefinitely compliance relief from this rule for brokers and dealers publishing or submitting quotations for fixed income securities.[1]

Matthew Thornton
Associate General Counsel

Notes

[1] Letter from Josephine Tao, Assistant Director, Office of Trading Practices, Division of Trading and Markets, to FINRA (Nov. 22, 2024). See also Memo to Members No. 35936, dated November 25, 2024, for additional background and information about this latest staff relief.

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