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SIFMA Submits Comments to SEC on Issues Regarding Securities Industry Processors, Provides Industry Views on Critical Market Structure Reviews.

New York, NY, December 5, 2013 – SIFMA today submitted a letter to Mary Jo White, chair of the Securities and Exchange Commission (SEC), in response to her recent statement on the SEC’s review of Securities Industry Processors (SIPs) following the August 22nd SIP outage that led to a halt in trading of NASDAQ-listed securities.

SIFMA commends the SEC’s leadership in examining this vital market structure issue and its call for the self-regulatory organizations (SROs) to work with broker-dealers as they craft proposals for enhancing SIPs. In addition, SIFMA appreciates the SROs’ initial engagement with our members as they formulated their preliminary proposals. SIFMA’s letter provides the Association’s viewpoint on the five workstreams for enhancing SIPs.

SIFMA’s letter also notes more broadly that the August 22nd SIP outage is a symptom of the outdated system by which critical market data is controlled and distributed. SIFMA urges the SEC to work with the SROs and industry members to examine SIPs more broadly and develop action plans that (1) revamp governance, (2) increase transparency in operations, and (3) provide for increased efficiencies.

“The events of August 22nd highlight the critical nature of the SIPs in maintaining fair and orderly markets and the need for regulators and market participants to collaborate to make sure the markets are operationally resilient,” said Randy Snook, executive vice president, business policies and practices. “Further, we believe the time is right for a broader review of SIPs to address concerns with transparency and governance. The current system for distributing market data was developed over 30 years ago. It’s time to reevaluate what’s best for the markets.”

SIFMA believes it is imperative that the broker-dealer and investment communities play an active and substantive role with the SROs as the SIP enhancement process moves forward from identifying preliminary concepts to developing concrete proposals. Collaboration between SROs and the broker-dealer community is essential to crafting comprehensive proposals that strengthen the resiliency of equity market structure in the United States.

SIFMA’s letter, which includes detailed comments on the five SIP workstreams identified by the SEC, is available here:

<http://www.sifma.org/issues/item.aspx?id=8589946502>