Independent Directors Council
Promoting Excellence in Fund Governance

ICI Statement on SEC Treasury Clearing Rule

Washington, DC; December 13, 2023—Today, Investment Company Institute (ICI) President and CEO Eric Pan released the following statement on the Security and Exchange Commission's (SEC) vote to adopt rules increasing clearing in the US Treasury market:

"Investment funds and advisers are major participants in the Treasury market and need a regulatory framework that promotes Treasury market resiliency and liquidity, supporting the ability of funds to achieve returns on behalf of long-term investors.

"While we are still reviewing the rules adopted today by the SEC, we appreciate that the SEC has maintained its original position and agreed with ICI that funds' cash Treasury transactions should not be subject to a central clearing mandate. We also appreciate that the SEC acknowledged many of our important concerns regarding regulatory and operational challenges raised for funds by mandated Treasury repo and reverse repo clearing, and FICC's readiness to handle the clearing volume expected under this new mandate. This includes adopting a phased implementation period to allow FICC to complete important and much-needed changes to its operating infrastructure.

"It is important that federal policymakers consider additional ways to strengthen Treasury market liquidity and resiliency. This includes creating more favorable market conditions for all-to-all trading and increased voluntary clearing. Regulators should also consider how to increase dealer capacity, including reviewing the supplementary leverage ratio (SLR) and other risk-based capital constraints that have affected market liquidity.

"ICI looks forward to continuing to work with our members, the SEC, and FICC, and other regulators to ensure these rules are implemented smoothly and without undue disruption to the Treasury market."