

## ICI Statement on SEC Treasury Clearing Proposal

**Washington, DC; December 23, 2022**—Investment Company Institute (ICI) Deputy General Counsel for Markets Sarah Bessin released the following statement regarding the Securities and Exchange Commission’s (SEC) proposal to require central clearing of certain transactions in US Treasury securities:

“It is critical that funds, as significant investors in US Treasury markets, can access these markets in an efficient and cost-effective manner. The SEC’s proposal to mandate Treasury clearing could restrict funds’ ability to participate in the Treasury and Treasury repo markets, harming funds and their investors.

“We agree with the Commission that funds’ cash Treasury transactions should not be subject to a clearing mandate and recommend that the Commission make that explicit in any final rule. Further, it is premature for the SEC to mandate clearing of funds’ Treasury repo and reverse repo transactions. The sponsored clearing framework that funds, as a practical matter, must use to clear these transactions is not sufficiently developed to support a clearing mandate. Critical legal, operational, and structural challenges must be addressed before central clearing is viable for funds.

“ICI continues to believe many of the benefits the SEC seeks from Treasury repo central clearing may be gained from increased voluntary clearing, especially once key changes are made to the clearing infrastructure.

“Ultimately, policymakers concerned with the strength of the Treasury market must seriously consider changes to prudential regulations, such as the supplementary leverage ratio (SLR), that offer resiliency benefits. It is time for this discussion to begin in earnest.”

To read ICI’s comment letter, [click here](#).