



October 6, 2016

Mr. Brent J. Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: Euroclear Bank SA/NV; Notice of Filing of Application to Modify an Existing Exemption from Clearing Agency Registration, File No. 601-01

Dear Mr. Fields,

The Securities Industry and Financial Markets Association (“**SIFMA**”)<sup>1</sup> appreciates the opportunity to provide comment to the U.S. Securities and Exchange Commission (“**Commission**” or “**SEC**”) on its notice of a filing by Euroclear Bank SA/NV (“**EB**”) to amend its Form CA-1 to modify its exemption from registration as a clearing agency pursuant to Section 17A of the Securities Exchange Act of 1934 and Rule 17Ab2-1 thereunder (the “**Modification Application**”).<sup>2</sup> SIFMA and its members support the Modification Application that would expand the existing exemptions which EB currently relies upon to further allow EB to offer its U.S. participants the opportunity to use U.S. equity securities within EB’s collateral management services.

As described in the Modification Application, EB is seeking to offer a service to its U.S. participants that allows for the transfer of U.S. equities from their existing accounts in The

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<sup>1</sup> SIFMA is the voice of the U.S. securities industry. We represent the broker-dealers, banks and asset managers whose nearly 1 million employees provide access to the capital markets, raising over \$2.5 trillion for businesses and municipalities in the U.S., serving clients with over \$20 trillion in assets and managing more than \$67 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

<sup>2</sup> 81 Fed. Reg. 61271 (Sept. 6, 2016).

Depository Trust Company for use as collateral in their EB accounts, and to receive U.S. equities as collateral from any other EB participant within EB's existing collateral management service, and is thus an extension of existing EB services. SIFMA is supportive of the Modification Application, as such services will give U.S. market participants more options to meet the increased collateral and liquidity demands created by the ever evolving regulatory environment, facilitating optimized collateral usage globally, cost reductions and efficient capital management.

A number of significant new regulations, including enhanced capital, leverage and liquidity requirements, as well as margin requirements for non-centrally cleared derivatives, have created a critical need for the efficient and effective mobilization of assets on a global basis. SIFMA believes services like those proposed by EB in its Modification Application would serve to address this market need by allowing for the efficient deployment of collateral at a time where new regulatory regimes significantly increase the demand for high-grade assets to meet requirements.

For example, on September 1, 2016, regulators in the U.S., Japan and Canada began the first phase of implementation for margin requirements for non-centrally cleared derivatives. This major initiative has led to a significantly increased need for high quality, liquid assets into and out of the U.S. In early 2017, analogous requirements are expected to be implemented in additional jurisdictions, including the EU, and a much broader set of market participants will fall within scope of margin requirements in all jurisdictions as future waves of implementation proceed, further increasing the need for the high quality collateral and the means for efficient asset mobilization. Enabling services like those proposed by EB as soon as possible will assist in the growth of collateral supplies, facilitating the implementation of margin requirements for non-centrally cleared derivatives, as well as other regulatory initiatives.

EB's proposal provides an additional tool for U.S. participants to manage their U.S. equities collateral, and further facilitates other business purposes, such as improving asset mobility for U.S. banks and broker-dealers engaging in securities financing transactions, and providing a level playing field between U.S. participants and non-U.S. participants in the types of U.S. securities they can offer as collateral in EB's collateral management system. The use of U.S. equities as collateral in EB's collateral system is common in the EU. Allowing U.S. EB collateral system participants the equal opportunity to use U.S. equities as they currently have for U.S. government securities will expand the available pool of high quality collateral to satisfy regulatory requirements affecting U.S. and other global participants. Additionally, the inclusion of U.S. equities in EB's platform will allow for further optimization of securities collateral related to secured financing transactions and margin postings, increasing collateral mobility and diversification in counterparties.

SIFMA believes such services would serve to reduce systemic risk – a key regulatory goal - by supporting the more efficient allocation of collateral, thus reducing the risk of settlement failures. Further, it is beneficial that such services will be offered by a market infrastructure provider that is well-known and well-regulated, operating in a manner consistent with standards developed by the International Organization of Securities Commissions and the Committee on Payments and Market Infrastructures.

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For the above mentioned reasons, SIFMA is supportive of the Modification Application and its approval as soon as possible. Please feel free to reach out to the undersigned should you have any questions.

Sincerely,



Kyle Brandon  
Managing Director  
SIFMA

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Robert Toomey, Esq.  
Managing Director and Associate  
General Counsel  
SIFMA

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