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Via E-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

**RE: Regulation Systems Compliance and Integrity (File No. S7-01-13)**

Dear Ms. Murphy:

OFI Global Asset Management, Inc. (“OppenheimerFunds”)<sup>1</sup> appreciates the opportunity to express its views to the Securities and Exchange Commission (“SEC”) on certain issues raised by the SEC’s proposed Regulation Systems Compliance and Integrity (“Regulation SCI”).<sup>2</sup>

**A. Comments and Recommendations**

OppenheimerFunds supports Regulation SCI’s goal of enhancing the SEC’s oversight of the capacity, integrity, resiliency, availability and security of significant automated systems of entities important to the national market systems. Nevertheless, we share concerns expressed by some commentators on the proposal regarding the scope of the proposal, the need for clarity surrounding certain requirements and definitions, and the need for further examination of the costs and burdens that will result from compliance with the proposed requirements.

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<sup>1</sup> OFI Global Management, Inc., a direct, wholly owned subsidiary of OppenheimerFunds, Inc. (“OppenheimerFunds”), is a registered investment adviser, providing investment management and transfer agent services to nearly 100 registered investment companies. OppenheimerFunds with its subsidiaries has more than \$212 billion in assets under management and has been in the investment advisory business since 1960.

<sup>2</sup> Securities Exchange Act Release No. 69077 (Mar 8, 2013) (“Release”).

## **1. Application of Regulation OppenheimerFunds to Additional Entities**

The Release requests comment on whether other entities, such as transfer agents, should be included in the definition of “SCI entity,” thereby subjecting them to some or all of the requirements.

OppenheimerFunds believes that transfer agents should be excluded from reach of Regulation SCI because their activities are too remote from activities in the markets. The roles of entities in the securities markets and associated risks that they present must be taken into account in determining whether Regulation SCI should be expanded to include them or else the proposed regulations will impose burdens on firms and, ultimately, shareholders and investors without producing commensurate benefits. In particular, transfer agents do not have systems that directly support the functions of concern to the SEC under the proposal (e.g., trading, clearance and settlement, order routing, and market data). There is little chance that a problem in a transfer agent’s operations will have an impact on market activity, and little benefit to the markets of imposing additional requirements on their operations in order to prevent severe market interruptions.

OppenheimerFunds therefore believes that transfer agents should not be included in Regulation SCI. However, if the SEC determines that additional entities should be included in the definition of an “SCI entity,” we support consideration of this issue through the publication of a separate proposal.

## **2. Dissemination of Information to Members or Participants of an OppenheimerFunds Event**

Regulation SCI would require information relating to “dissemination SCI events” to be provided to members of participants of SCI entities including information about the systems and market participants affected by the event and the progress of any corrective action taken.

OppenheimerFunds supports ensuring the transparency of SCI events to members and participants of an SCI entity. We believe such transparency would promote the understanding of the issues surrounding the OppenheimerFunds event and any resulting risks to the markets, and better inform the markets of action being taken to address the event.

We share the recommendations of several commenters on the proposal, however, that the SEC only require the public dissemination of information about systems in significant circumstances where such information enhances investor protection. Dissemination should not be required where the information provided (e.g., regarding systems intrusions or issues with surveillance systems) may be misused to the detriment of the markets and investors in the markets.

### 3. Clarification of the Scope of Certain Regulation SCI Requirements

Several commenters have raised questions regarding the scope of certain of the proposed definitions in Regulation SCI and requirements stemming from these definitions. For example, concerns have been raised regarding the scope of such terms as “SCI system,” “SCI security system,” “material system changes,” and “SCI events.”

OppenheimerFunds supports narrowing the focus of several of these terms, and associated requirements, to more specifically focus on system events that are truly disruptive to markets and the systems themselves that are likely to pose a risk to the fair and orderly operation of the markets or participants in the markets.

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We appreciate the opportunity to provide comments on this important issue. We also wish to express our concurrence with the comments submitted on the petition by the Investment Company Institute, by letter of its General Counsel dated July 12, 2013.

Respectfully submitted,

/s/ Ari Gabinet  
Ari Gabinet  
Executive Vice President &  
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cc: John Ramsay, Acting Director  
Division of Trading and Markets

Norm Champ, Director  
Division of Investment Management  
U.S. Securities and Exchange Commission