INVESTMENT COMPANY INSTITUTE

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May 27, 2022

Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: *Further Definition of "As a Part of a Regular Business" in the Definition of Dealer and Government Securities Dealer (File No. S7-12-22)*

Dear Ms. Countryman:

The Investment Company Institute (ICI)[1] appreciates that the Securities and Exchange Commission's (SEC or "Commission") has excluded investment companies registered under the Investment Company Act of 1940 ("registered funds") from its recent proposal ("Proposal") to further define the phrase "as part of a regular business," for purposes of the statutory definitions of "dealer" and "government securities dealer" under the Securities Exchange Act of 1934 ("Exchange Act").[2] The Commission appropriately recognizes that registered funds already are subject to comprehensive regulation under the federal securities laws and that further regulation as a "dealer" or "government securities dealer" is not necessary to achieve the objectives of the Proposal.

We also support the Commission's proposed treatment of registered investment advisers that manage client assets on a discretionary basis—these advisers typically would not be required to aggregate their trading activity with that of the accounts they manage, for purposes of determining whether the adviser is engaged in activity that would cause it to meet the definition of a "dealer."[3] Similarly, with respect to clients of an adviser, the Commission would not require

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[1] The Investment Company Institute (ICI) is the leading association representing regulated investment funds. ICI's mission is to strengthen the foundation of the asset management industry for the ultimate benefit of the long-term individual investor. Its members include mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and UCITS and similar funds offered to investors in Europe, Asia, and other jurisdictions. Its members manage total assets of $31.3 trillion in the United States, serving more than 100 million investors, and an additional $10.0 trillion in assets outside the United States. ICI has offices in Washington, DC, Brussels, London, and Hong Kong and carries out its international work through ICI Global.

[2] *Further Definition of "As a Part of a Regular Business" in the Definition of Dealer and Government Securities Dealer*, Securities Exchange Act Rel. No. 34-94524 (Mar. 28, 2022), 87 Fed. Reg. 23054 (Apr. 18, 2022), *available at* https://www.govinfo.gov/content/pkg/FR-2022-04-18/pdf/2022-06960.pdf ("Proposing Release").

[3] Proposed Rule 3a5-4(b)(2)(ii)(B); Proposed Rule 3a44-2(b)(2)(ii)(B).

aggregation of the trading activity of client accounts managed by the adviser, based on the accounts being under "common control" of the adviser, *unless* the accounts constitute a "parallel account structure."[4]

For the same reasons we support the exclusion for advisers from aggregating their trading activity with that of their client accounts when the adviser has a solely discretionary management relationship with those accounts, we urge the Commission to eliminate the proposed "parallel account structure" provision and instead adopt a general anti-evasion provision similar to Rule 13h-1(c)(2) under the Exchange Act. An adviser's client accounts pursuing substantially the same investment objectives and strategies in the ordinary course of business should not trigger potential regulation of those client accounts as dealers. Regulation as a dealer in this situation is not necessary to accomplish the Commission's regulatory objectives and would be wholly impractical. Such an approach would instead impair the ability of registered investment advisers to efficiently provide investment advisory services and strategies in the best interests of their clients. We explain our reasoning further below.

I. Background

The Proposal is intended to address concerns raised by the increasingly prominent role of firms, such as principal trading firms (PTFs), that provide liquidity and engage in other activities traditionally performed by "dealers" or "government securities dealers," as defined under the Exchange Act, but are not regulated as dealers. The Commission is concerned that a significant rise in electronic trading in the US securities markets has enabled PTFs and other firms that are not regulated as dealers to perform critical market functions, including serving as major liquidity providers across a range of asset classes, including US Treasury securities. The Commission believes the activities of these entities have resulted in an uneven playing field that makes it difficult for regulators and others to detect, investigate, understand, or address key market events, such as the October 2014 "flash rally" in the Treasury market.[5]

The Commission proposes two new rules under the Exchange Act, Rules 3a5-4 and 3a44-2, that would further define the phrases "as part of a regular business" and for such person's "own account"[6] for purposes of determining whether a person meets the definition, respectively, of a "dealer" in Section 3(a)(5) or a "government securities dealer" in Section 3(a)(44) of the Exchange Act. First, both proposed Rules 3a5-4 and 3a44-2 include identical qualitative tests that provide that a person that is buying and selling securities would be doing so "as part of a regular business" if the person engages in a routine pattern of buying and selling securities that has the effect of providing liquidity to other market participants by: (i) routinely making roughly comparable purchases and sales of the same or substantially similar securities in a day; (ii) routinely expressing trading interests[7] that are at or near the best available prices on both sides of

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[4] Proposed Rule 3a5-4(b)(2)(ii)(C); Proposed Rule 3a44-2(b)(2)(ii)(C).

[5] Proposing Release at 23056.

[6] We discuss further below, in Section III, the proposed definition of "own account."

[7] The Commission notes that the use of the broader term "trading interest" is intended to "reflect the prevalence of non-firm trading interest offered by market places today, and account for the varied ways in which developing

the market and that are communicated and represented in a way that makes them accessible to other market participants; or (iii) earning revenue primarily from capturing bid-ask spreads, by buying at the bid and selling at the offer, or from capturing any incentives offered by trading venues to liquidity-supplying trading interests.[8]

Second, proposed Rule 3a44-2 also includes a quantitative test, which is an alternative to the qualitative test. If either test is met, the person would be deemed to be acting as a government securities dealer within the meaning of Section 3(a)(44) of the Exchange Act. The quantitative test provides that a person would be deemed to be engaged in buying and selling government securities for its "own account" and "as a part of a regular business" if, in each of four out of the last six calendar months, the person engaged in buying and selling more than $25 billion of trading volume in government securities.[9]

Both the qualitative tests and the quantitative test exclude a person from itself being deemed to be a dealer subject to registration under the Proposal if it has or controls total assets of less than $50 million or is a registered fund. The Commission explains, however, that even while a person that has or controls total assets of less than $50 million is not itself subject to registration, the trading activity of such person must be considered in determining, under the proposed rules' aggregation provisions, whether another person's trading activity, when aggregated with such person's trading activity, triggers the qualitative or quantitative tests.[10]

II. We Support the Proposal's Exclusion of Registered Funds

We strongly support the Proposal's explicit exclusion of registered funds under subsection (a)(2) of proposed Rule 3a5-4 and subsection (a)(3) of proposed Rule 3a44-2. We agree with the Commission's reasoning that registered funds should be excluded from the proposed rules because they are already subject to the Investment Company Act of 1940, "which addresses, among other things, the types of concerns that we seek to address in the Proposed Rules . . ."[11] Consistent with excluding registered funds from dealer status under the proposed rules, we also

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technologies permit market participants to effectively make markets." Proposing Release at text accompanying n.153. The Commission references its discussion of communication protocol systems, or CPSs, in its recent proposal regarding the definition of "exchange" and alternative trading systems ("Reg ATS Proposal"), and later states that the proposed rules are intended to capture dealer activity wherever it occurs, "whether on a national securities exchange, an ATS, a Communication Protocol System, or another form of trading venue." *Id.* at 23070. *See Amendments to Exchange Act Rule 3b-16 Regarding the Definition of "Exchange" and Alternative Trading Systems (ATSs) That Trade U.S. Treasury and Agency Securities, National Market System ("NMS") Stocks, and Other Securities*, Exchange Act Release No. 94062 (Jan. 26, 2022), 87 Fed. Reg. 15496 (Mar. 18, 2022), *available at* https://www.govinfo.gov/content/pkg/FR-2022-03-18/pdf/2022-01975.pdf. ICI recently submitted a comment letter on the Reg ATS Proposal raising concerns that the Commission's broad proposal could inadvertently, and inappropriately, capture order and execution management systems used by investment advisers to manage their investment activities. ICI's comment letter is available at https://www.sec.gov/comments/s7-02-22/s70222 htm.

[8] Although the proposed rules state that no presumption shall arise that a person is not a dealer solely because the person does not meet these criteria.

[9] "Government securities" is defined by reference to Section 3(a)(42)(A) of the Exchange Act.

[10] Proposing Release at 23075.

[11] Proposing Release at 23063.

agree that registered funds should not be aggregated with other funds and accounts of an adviser for purposes of the proposed definition of "own account."[12]

III. We Support the Proposal's Exclusion from Aggregation of Advisers' Managed Accounts with the Adviser

The Commission explains that while registered investment advisers are not explicitly excluded from the proposed rules, "a registered adviser would not be required to aggregate its own trading activities with the trading activities of its clients' solely based on an adviser-client discretionary investment management relationship."[13]

The proposed rules' definition of a person's "own account," under subsection (b)(2) of proposed Rules 3a5-4 and 3a44-2, means any account:

(i) held in the name of that person; or

(ii) held in the name of a person over whom that person exercises control[14] or with whom that person is under common control, *but does not include*:

(A) an account in the name of a registered broker, dealer, or government securities dealer, or a registered fund; or

(B) with respect to an investment adviser registered under the Investment Advisers Act of 1940, an account held in the name of a client of the adviser *unless* the adviser controls the client as a result of the adviser's right to vote or direct the vote of voting securities of the client, the adviser's right to sell or direct the sale of voting securities of the client, or the adviser's capital contributions to or rights to amounts upon dissolution of the client; or

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[12] As the Commission explains:

> . . . where an account is held in the name of a person who is a registered broker, dealer, government securities dealer, or registered investment company (collectively, "registered person"), the Commission believes that it would be inappropriate to attribute the registered person's accounts to controlling persons or persons under common control, because the registered person is already subject to the broker-dealer regulatory regime or the investment company regulatory regime. Thus, the definition of "own account" would not include those types of accounts.

Id. at 23074. Taking a different position would result in potentially including registered funds that the Commission has explicitly excluded under subparagraph (ii)(A) of the proposed definition.

[13] Proposing Release at n.35 and accompanying text.

[14] The proposed rules provide that "control" has the same meaning as in Rule 13h-1 under the Exchange Act, which provides that control means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of securities, by contract, or otherwise. For purposes of Rule 13h-1, any person that directly or indirectly has the right to vote or direct the vote of 25% or more of a class of voting securities of an entity or has the power to sell or direct the sale of 25% or more of a class of voting securities of such entity, or in the case of a partnership, has the right to receive, upon dissolution, or has contributed, 25% or more of the capital, is presumed to control that entity.

(C) with respect to any person, an account in the name of another person that is under common control with that person solely because both persons are clients of an investment adviser registered under the Investment Advisers Act of 1940 *unless* those accounts constitute a parallel account structure; or

(iii) held for the benefit of those persons identified in paragraphs (b)(2)(i) and (ii).

We support treating an account held in the name of an adviser's client not as the adviser's own account in the absence of the elements of control described in the proposed rules. Registered investment advisers that have investment discretion over the assets of the client accounts they manage typically would not control the client by virtue of having the right to vote or direct the voting of voting securities issued by the client, or as a result of capital contributions to or rights to amounts upon dissolution of the client. Thus, these advisers would not be engaged in the business of buying and selling securities or government securities for their "own account," for purposes of the proposed rules, and would not meet the definition of, respectively, "dealer" or "government securities dealer," under the Exchange Act.

IV. We Urge the Commission to Similarly Exclude Accounts Managed by an Adviser in the Ordinary Course from Aggregation with One Another

The proposed rules also would exclude from the aggregation requirements two or more client accounts deemed to be "under common control"[15] of a registered investment adviser, solely because the account owners are both clients of the registered investment adviser, *unless* the accounts constitute a "parallel account structure."[16] While we support the general exclusion from aggregation among accounts managed by the same adviser, we are concerned about the exception for parallel accounts (the "parallel account exception"). The Commission's proposed definition of a "parallel account structure" in this context is overly broad and would inappropriately result in aggregation among separately owned client accounts that follow substantially the same investment objectives and strategies but are managed by the same registered investment adviser in the ordinary course of business, rather than for purposes of evading dealer registration requirements.

We appreciate that the Commission intends this proposed provision to "prevent a registered investment adviser from dividing trading activities among multiple clients to avoid the application of the Proposed Rules."[17] As drafted, however, the proposed definition would inappropriately capture typical investment management arrangements in which a discretionary investment adviser, in the ordinary course of business and with no intent to evade regulation, manages certain client accounts with substantially the same investment objectives and strategies.

[15] *Id.*

[16] The proposed rules provide that a "'parallel account structure' means a structure in which one or more private funds (each a 'parallel fund'), accounts, or other pools of assets (each a 'parallel managed account') managed by the same investment adviser pursue substantially the same investment objective and strategy and invest side by side in substantially the same positions as another parallel fund or parallel managed account."

[17] Proposing Release at 23075.

For example, it is quite common, and consistent with efficient investment management, for registered investment advisers to manage different accounts and collective investment vehicles in accordance with a similar investment strategy. Individual clients of an adviser may prefer to invest through separate accounts, as opposed to a commingled registered fund, in order to be able to impose individualized investment guidelines and restrictions on their accounts. While these accounts might be managed similarly, the account owners would generally have no relation to, or knowledge of, the other account owners. It also is common for advisers to offer substantially the same investment strategy through more than one type of collective investment vehicle to accommodate certain types of investors, such as ERISA plans or investors in non-US jurisdictions (*e.g.*, collective investment trusts, UCITS, private funds). These investors similarly would be unlikely to have any relation to, or knowledge of, one another.

It would make no sense to require these separate accounts or collective investment vehicles to aggregate their trading activity for purposes of the proposed qualitative or quantitative tests. In contrast to the concerns that led the Commission to propose aggregation of a "parallel account structure," these accounts' or investment vehicles' trading activities are *not* "in the aggregate . . . part of a single trading strategy."[18] They may follow a similar strategy established by the adviser, but that does not mean they are being managed together as part of a single trading strategy. The accounts and investment vehicles are independent of one another, and the adviser has a separate fiduciary duty to each—the adviser cannot engage in trading for one account or investment vehicle for the purpose of benefiting another, or the aggregated set of client accounts. Exactly as the Commission recognized for accounts of the same adviser more generally, "no individual client is engaged in trading activities for the benefit of any other client."[19] These clients likely have no relationship to one another, beyond having the same investment adviser.

Further, as a practical matter, the Proposal would impose registration obligations on each account owned or controlled by a person that has or controls assets of $50 million or more if, when aggregated with parallel accounts, the qualitative or quantitative measures are met. It is unclear, however, how owners of these accounts even would have the ability to identify one another, never mind have the authority to obtain the information about trading activity required to aggregate and determine whether registration of one or more accounts as a dealer would be required. Moreover, imposition of dealer registration requirements on the account owner in these circumstances could discourage institutional investors, such as pension plans and insurance companies, from using the account structure that they have determined to be most optimal for their purposes—*e.g.*, a separate account that they can monitor and impose restrictions on more readily than a fund investment.

To avoid this outcome, instead of including a blanket exclusion for parallel account structures from the exception for commonly managed accounts, we believe a general anti-evasion provision similar to Rule 13h-1(c)(2) under the Exchange Act is more appropriate—as the Commission itself has suggested.[20] The Commission's concern that led to it to propose the parallel account

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[18] *Id.*

[19] *Id.*

[20] *Id.* at General Request for Comment 49.

exception is essentially anti-evasionary: to "prevent a registered investment adviser from dividing trading activities among multiple clients to avoid the application of the Proposed Rules."[21] But rather than solely capturing arrangements that seek to evade the proposed rules, the parallel account exception would instead extend to legitimate ordinary course investment management structures designed for non-evasionary purposes, as described above. A general prohibition on disaggregating accounts for the purpose of avoiding the application of the rule, similar to Rule 13h-1(c)(2), would achieve the Commission's objective behind the parallel account exception, without unintentionally capturing legitimate arrangements that have no evasive purpose.

V. Ordinary Investment and Trading Strategies Should Not Trigger Dealer Registration

If the Commission does not accept our recommendation to eliminate the parallel account exception, we are concerned that the scope of the qualitative or quantitative tests under the proposed rules would be too broad and would cause certain ordinary investment and trading strategies to cause an adviser's clients to be deemed to be acting as dealers. Treating these trading activities as "dealing" would not accurately reflect the nature of the trading activity and regulating these accounts as dealers would be impractical. To address the overly broad application of the proposed rules, we make several recommendations below.

The qualitative tests under subsections (a)(1)(i) and (ii) of proposed Rules 3a5-4 and 3a44-2 provide, in relevant part, that a person that is buying and selling securities for its own account would be doing so "as part of a regular business" if the person engages in a routine pattern of buying and selling securities that has the effect of providing liquidity to other market participants by: (i) routinely making roughly comparable purchases and sales of the same or substantially similar securities in a day; or (ii) routinely expressing trading interests that are at or near the best available prices on both sides of the market and that are communicated and represented in a way that makes them accessible to other market participants.

We understand that the Commission intends to broaden the scope of dealer registration to require registration of PTFs and similar firms that act as major liquidity providers, some of which may not currently consider their activities to be dealing. However, proposing to treat as dealers those traders whose trading "has the effect" of providing liquidity, rather than only those who engage in trading for the *purpose* of providing liquidity as a business, could inappropriately treat traditional, ordinary course trading activities as dealing. For example, offering to transact on both sides of the market for the same security to earn a spread has traditionally and appropriately been viewed as dealer activity. The Proposal, however, would expand this to include trading in "substantially similar" securities. While the Proposal suggests that this vague standard would be based on the "facts and circumstances," the Commission explains that it views essentially any two securities whose value in some way relates to one another as substantially similar.[22] This proposed standard fails to recognize that there are myriad investing strategies or simply portfolio

[21] *Id.* at 23075.

[22] *See id.* at 23067 (noting that two securities would be substantially similar where "changes in the fair market value of one security are reasonably expected to approximate, directly or inversely, changes in, or a fraction or a multiple of, the fair market value of the second security").

maintenance activities that may involve trading in two securities whose prices relate to one another. An ordinary and common trading strategy involves "relative value trades," or other forms of arbitrage, where an investment manager notices a market mispricing of two securities that it believes are not correctly tracking one another, and trades in a manner that takes advantage of that mispricing. Further, an investment strategy may call for hedging one security position by trading the opposite way in another economically related security. The Proposal, if adopted, could result in these ordinary trading activities being treated as dealing.

These investment and trading activities, rather than introducing risk into the market, reduce market risk by, for example, eliminating inefficient mispricing pricing of economically similar securities or hedging a position. If such trading could only be conducted by registered dealers, there would be less of it in the market, making markets less efficient, less liquid, and increasing risk. Many affected firms would likely curtain their trading or exit the market to avoid registering as a dealer, resulting in reduced competition, price discovery, liquidity, and capital formation which, in turn, would increase the cost of market participation, harming investors and the broader economy.

We appreciate that these trading activities may have the additional effect of providing liquidity to the market, but as the Commission acknowledged, "all market participants who buy or sell securities in the marketplace arguably contribute to a market's liquidity."[23] The distinction between a trader and a dealer should be whether the *purpose* of the trading is to profit from engaging in the business of providing liquidity. To avoid unintentionally capturing ordinary investment and trading strategies, the Commission should limit the qualitative test to capture persons trading only in the *same* securities—where this purpose is clear—rather than trading in merely *similar* securities.

With respect to the quantitative test, if the Commission retains the parallel account exception, we are concerned that a purely numerical threshold will not adequately distinguish between trading and dealing activities. While we acknowledge that $25 billion in monthly government securities transactions is a high threshold, it cannot alone distinguish between dealing and trading, particularly given the potential for aggregation among parallel accounts. For example, investors seeking to maintain an average maturity exposure may "roll" their Treasury security holdings—selling one set of Treasury securities they hold and using the proceeds to buy another. Investors also may decide to reallocate their positions between different classes or types of government securities. Again, even if these trades involve very significant dollar amounts, they are trading activities, not dealing, and should not trigger dealer registration. As a result, we recommend that, if the parallel account exception is retained, the Commission eliminate the quantitative test.

If the Commission nonetheless retains the quantitative test, we recommend that the Commission explicitly clarify that trading activity in accounts of entities that are excluded from the definition of "dealer" or exempted from dealer registration are not subject to aggregation under this provision, consistent with the Commission's proposed treatment of registered broker-dealers. Even if an entity meets the statutory definition of dealer or government securities dealer, there are various exclusions or exceptions that an entity may rely on so as to not be subject to

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[23] *Id.* at 23062.

registration, such as for banks buying or selling securities for investment purposes in a trustee or fiduciary capacity,[24] foreign broker-dealers operating outside the United States transacting with non-US investors,[25] or foreign broker-dealers operating in a manner that satisfies the registration exemption under Rule 15a-6 under the Exchange Act. While the Commission acknowledges that entities satisfying an otherwise available exemption or exception would not be required to register as a result of the proposed rules,[26] the rule text is ambiguous as to whether such entities' trading activities would nonetheless need to be aggregated with, and potentially trigger registration of, commonly controlled persons. Given that Congress or the Commission has made a policy decision to not require these entities to register as dealers, the Commission should not take their trading activity into account when determining whether commonly controlled persons are engaged in dealing. To address this issue, we recommend that, in subsection (b)(2)(ii)(A) of each proposed rule (which excludes registered broker-dealers, government securities dealers, and registered funds from aggregation), the Commission add reference to persons that would not themselves be subject to registration as a dealer or government securities dealer, as a result of an exclusion, exemption, or lack of US nexus.

More broadly, we do not believe there is significant additional benefit to regulating an adviser's managed accounts as dealers, in the absence of an intent to evade dealer regulation. The benefits that the Commission highlights in proposing to subject additional investors to dealer registration are primarily regulation relating to: (i) financial risk taking, (ii) reporting, (iii) deceptive practices, and (iv) examinations.[27] As explained below, imposing these regulatory requirements on managed accounts that would become dealers if the Proposal were adopted adds little, if any, regulatory benefit.

With regard to financial risk, while managed accounts are not subject to broker-dealer net capital rules, their financial risk taking is still constrained—in most cases more constrained than broker-dealers. The aggregated indebtedness standard under the net capital rule generally restricts a broker-dealer from allowing its aggregate debt to exceed 15 times its net capital.[28] While managed accounts typically are not highly leveraged, even if they sought to be, the levels of leverage they can obtain are already subject to regulatory limits under margin regulations, such as Federal Reserve Regulations T, U and X, and FINRA Rule 4210, which typically constrain investors' leverage to much lower levels than those permitted by broker-dealers under the net capital rule.

With regard to regulatory reporting, managed accounts almost invariably trade *through* broker-dealers, which are subject to these reporting requirements. As a result, even if not themselves

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[24] Section 3(a)(5)(C)(ii)(II) of the Exchange Act.

[25] *See Registration Requirements for Foreign Broker-Dealers,* Release No. 34-27017 (July 11, 1989) (noting that the Commission only requires registration of broker-dealers "physically operating within the United States" and "foreign broker-dealers that, from outside the United States, induce or attempt to induce trades by any person in the United States.").

[26] Proposing Release at text accompanying n.29.

[27] *Id.*at 23088–89.

[28] Rule 15c3-1(a)(1)(i) under the Exchange Act.

registered as dealers, the accounts' trading activity is already reported to the relevant transaction data repositories, providing the SEC with the ability to monitor the market and enforce the federal securities laws and rules. Moreover, registered advisers are required to report significant amounts of information regarding their managed account portfolios on Form ADV (including types of portfolio assets and use of derivatives and borrowing).

With regard to deceptive practices, as the Commission notes, non-dealers are already subject to Sections 10(b) and 17(a) of the Exchange Act, and registered advisers are subject to Section 206 of the Advisers Act.[29] These provisions and others already prohibit fraudulent activity and market manipulation; applying Section 15(c), the broker-dealer specific anti-fraud rule, would provide only marginal, if any, regulatory benefit. Lastly, of course, registered investment advisers already are subject to examination by the Commission and to its books and records requirements, through which the Commission can examine the activities of the adviser's managed accounts.

Finally, as a practical matter, it is not clear how a managed account could register as a dealer and satisfy the attendant obligations. As the Commission is aware, registration as a dealer and compliance with the resulting regulatory obligations requires significant personnel requirements, compliance systems, and financial obligations, among many other things. As a mere account without personnel or legal personhood, it is not clear how a managed account could register and comply with these requirements. If the owner of the account is required to register, the investment adviser has no way to force the account owner to register but would not want to be acting on behalf of an unregistered dealer. If the investment adviser managing the account were required to undertake these regulatory obligations on behalf of the managed account, doing so would go beyond the scope of the investment adviser's investment management mandate, and raise significant questions about the adviser's authority to act for the account and the scope of duties it would be assuming on its client's behalf. For a variety of legitimate reasons, an adviser may not be amenable to taking on these obligations. Beyond potentially mandating dealer registration, the Commission does not appear to have fully considered how registration and compliance could practically be accomplished in this context.

[29] Proposing Release at 23089.

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Thank you for the opportunity to provide comments on the Proposal. If you have any questions on our comment letter, please feel free to contact Sarah Bessin at [redacted] or Nhan Nguyen at [redacted].

Sincerely,

/s/ Sarah A. Bessin	/s/ Nhan Nguyen
Sarah A. Bessin Associate General Counsel	Nhan Nguyen Assistant General Counsel

cc: The Honorable Gary Gensler
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