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Invested in America

October 5, 2022

By Email

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 205499–1090
rule-comments@sec.gov

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 Securities Industry and Financial Markets Association ("SIFMA")[1] appreciates the opportunity to provide further comments on the release by the U.S. Securities and Exchange Commission (the "SEC" or "Commission") proposing new rules (the "Proposed Rules") to further define the phrase "as a part of a regular business" as used in the statutory definitions of "dealer" and "government securities dealer" under Sections 3(a)(5) and 3(a)(44), respectively, of the Securities Exchange Act of 1934 ("Exchange Act").[2]

This letter supplements our May 27, 2022 comment letter on issues raised by the Proposing Release for our members that are bank holding companies or foreign banking organizations (the "May 27 BHC Letter").[3] Specifically, this letter attaches a matrix,

[1] SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. 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.

[2] See Exchange Act Release No. 94524 (March 28, 2022), 87 FR 23054 (April 18, 2022) ("Proposing Release").

[3] See Letter from Robert Toomey and Joseph Corcoran, SIFMA, dated May 27, 2022, available at https://www.sec.gov/comments/s7-12-22/s71222-20130062-296717.pdf.

which includes (i) the text of the Proposed Rules with our recommended modifications underlined and bolded and (ii) explanations for why we believe the Commission should adopt these modifications.

As described in more detail in the May 27 BHC Letter, we do not think any of the issues that would be addressed by these modifications are consequences that the Commission intends, and so accordingly we think these modifications should not detract from the objectives of the Proposed Rules, including in particular ensuring that principal trading firms and others engaged in liquidity provision in the securities markets are regulated appropriately.

We note that the modifications attached to this letter are not intended to address the concerns raised by SIFMA in its other comments on the Proposed Rules.[4] We would request that the Commission consider modifications to address those concerns, too.

We would be pleased to provide further information or assistance at the request of the Commission or its staff. If you have any questions or require additional information, please do not hesitate to contact us by calling Rob Toomey at [redacted] or Joe Corcoran at [redacted], or our outside counsel Colin Lloyd at Sullivan & Cromwell LLP at [redacted].

Sincerely,

Robert Toomey
Managing Director, Associate General Counsel
Head of Capital Markets
SIFMA

Joseph Corcoran
Managing Director, Associate General Counsel
SIFMA

[4] See Letter from Robert Toomey, Joseph Corcoran, and Ellen Greene, SIFMA, dated May 27, 2022, available at https://www.sec.gov/comments/s7-12-22/s71222-20129719-296009.pdf.

SIFMA's Recommended Modifications to the Proposed Rules

Recommended Modifications	Discussion
§ 240.3a5-4 Further definition of "as a part of a regular business".	
(a) A person that is engaged in buying and selling securities for its own account is engaged in such activity "as a part of a regular business" as the phrase is used in Section 3(a)(5)(B) (15 U.S.C. 78c(a)(5)(B)) of the Act if that person:	
(1) Engages in a routine pattern of buying and selling securities that has the effect of providing liquidity to other market participants **not controlling, controlled by or under common control with the person,** by:	This modification is designed to clarify the treatment of inter-affiliate transactions. See Part IV of the May 27 BHC Letter for more details
(i) Routinely making roughly comparable purchases and sales of the same or substantially similar securities in a day **(other than any purchase or sale conducted as part of non-trading activities, liquidity management activities, cash management activities, or ancillary bank activities)**; or	These exclusions are designed to clarify the treatment of asset-liability management, liquidity and collateral management activities and activities ancillary to exempt dealing activities. See Parts II and III of the May 27 BHC Letter for more details.
(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 **not controlling, controlled by or under common control with the person,**; or	This modification is designed to clarify the treatment of inter-affiliate transactions. See Part IV of the May 27 BHC Letter for more details
(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; and	
(2) Is not:	
(i) A person that has or controls total assets of less than $50 million; or	

Recommended Modifications	Discussion
(ii) An investment company registered under the Investment Company Act of 1940.	
(b) For purposes of this section:	
(1) The term "person" has the same meaning as prescribed in Section 3(a)(9) (15 U.S.C. 78c(a)(9)) of the Act.	
(2) A person's "own account" 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 or with whom that person is under common control **as part of a plan or scheme to willfully evade or attempt to evade the standards set forth in paragraph (a) of this section**, provided that this paragraph (b)(2)(ii) does not include:	This modification is designed to narrow the aggregation requirements of the Proposed Rule so that they are targeted at their anti-evasion objective. See Part I.A. of the May 27 BHC Letter for more details
(A) An account in the name of a registered broker, dealer, or government securities dealer, **any foreign broker or dealer whose activities are conducted either in compliance with § 240.15a-6 (Rule 15a-6) under the Act or without the jurisdiction of the United States, a bank acting pursuant to an exception or exemption from the definition of "dealer" in section 3(a)(5)(C) of the Act (15 U.S.C. 78c(a)(5)(C)) or the rules thereunder,** or an investment company registered under the Investment Company Act of 1940; or	These modifications are designed to ensure that the aggregation requirements of the Proposed Rule do not inadvertently require a parent company or affiliate of a person exempt or excluded from dealer registration to register because of aggregation with that exempt or excluded person. See Parts I.A. and I.C of the May 27 BHC Letter for more details
(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~~	

Recommended Modifications	Discussion
(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	
(D) With respect to any person, an account over which that person does not, directly or indirectly, including through other persons controlled by that person, exercise investment discretion, unless those accounts constitute a commonly controlled account structure; or	This exclusion is designed to ensure that the aggregation requirements of the Proposed Rules do not encompass commonly controlled entities acting independently of each other and thus counterintuitively require those entities to coordinate their trading activity with each other. See Part I.A. of the May 27 BHC Letter for more details
(iii) Held for the benefit of those persons identified in paragraphs (b)(2)(i) and (ii) of this section.	
(3) The term "control" has the same meaning as prescribed in § 240.13h-1 (Rule 13h-1), under the Act.	
(4) The term "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.	
(5) The term "commonly controlled account structure" mean a structure in which the same person (the "control person") exercises investment discretion, directly or indirectly, including through other persons controlled by the control person, over two or more accounts each held in the name of a person controlled by the control person.	This definition is designed to work in tandem with the new exclusion set forth in paragraph (b)(2)(ii)(D) so that the exclusion would not be available when a common control person exercises investment discretion over two or more accounts.

Recommended Modifications	Discussion
(6) The term "investment discretion" has the same meaning as prescribed in § 240.13h-l (Rule 13h-l), under the Act.	This definition addresses the term "investment discretion" as used in other modifications set forth above
(7) The term "banking entity" has the same meaning as prescribed by 17 C.F.R. § 255.2(c).	This definition addresses the term "banking entity" as used in other modifications set forth below
(8) The term "non-trading activities" mean purchases and sales of securities: **(i) with respect to a banking entity, not engaged in by the banking entity for its trading account (as defined in 17 C.F.R. §255.3(b), but without regard to paragraph (b)(1)(iii)); or** **(ii) with respect to a person that is not a banking entity, not classified as trading assets under U.S. generally accepted accounting principles (or an equivalent classification under any other accounting standards applicable to the person).**	This definition is designed to identify the sort of asset-liability management activities regularly conducted by banking organizations, using terms from the Volcker Rule with which those organizations and their regulators are familiar. For persons other than banking organizations, the definition relies on well-developed accounting classifications. See Part II of the May 27 BHC Letter for more details on the reasons for excluding asset-liability management activities from certain prongs of the Proposed Rules.
(9) The term "liquidity management activities" means purchases and sales of securities conducted by: **(i) a banking entity in accordance with the exclusion from proprietary trading set forth in 17 C.F.R. § 255.3(d)(3); or** **(ii) any other person, as though it was a banking entity conducting purchases and sales in accordance with such exclusion.**	This definition is designed to identify the sort of liquidity management activities regularly conducted by banking organizations, using an exclusion from the Volcker Rule with which those organizations and their regulators are familiar. For persons other than banking organizations, the definition uses the same exclusion, which we would envision those persons addressing by adopting and implementing liquidity management plans as contemplated by that exclusion. See Part II of the May 27 BHC Letter for more details on the reasons for excluding liquidity management activities from certain prongs of the Proposed Rules.

Recommended Modifications	Discussion
(10) The term "cash management activities" means purchases and sales of securities involving: **(i) any taking possession of, and any subsequent sale or disposition of, collateral provided by a counterparty, or any acquisition of, and any subsequent sale or disposition of, collateral to be provided to a counterparty, in connection with any securities activities of the person not encompassed by the definition of "dealer" in section 3(a)(5) of the Act (15 U.S.C. 78c(a)(5)) or the rules thereunder (including any activity conducted pursuant to an exception or exemption from that definition) or any non-securities activities of the person;** **(ii) cash management, in connection with any securities activities of the person not encompassed by the definition of "dealer" in section 3(a)(5) of the Act (15 U.S.C. 78c(a)(5)) or the rules thereunder or any non-securities activities of the person; or** **(iii) financing of positions of the person in connection with any securities activities of the person not encompassed by the definition of "dealer" in section 3(a)(5) of the Act (15 U.S.C. 78c(a)(5)) or the rules thereunder (including any activity conducted pursuant to an exception or exemption from that definition) or any non-securities activities of the person.**	This definition is designed to identify the sort of cash management activities regularly conducted by banking organizations, using concepts similar to the "cash management securities activities" definition set forth in Exchange Act Rule 3b-14. That definition circumscribes a range of cash management activities that an OTC derivatives dealer can engage in notwithstanding it is not permitted to act as a full-purpose broker-dealer; we think using similar concepts here would likewise ensure that a person engaged in these activities is not engaged in dealing activities. See Part II of the May 27 BHC Letter for more details on the reasons for excluding cash management activities from certain prongs of the Proposed Rules.
(11) The term "ancillary bank activities" means purchases and sales of securities by a bank: **(i) in connection with:**	This definition is intended to identify the sort of securities hedging and trading activities that banks conduct ancillary to activities exempt from the "dealer" definition, using concepts similar to the "ancillary portfolio management securities activities" definition

Recommended Modifications	Discussion
(A) securities activities conducted by the bank pursuant to an exception or exemption from the definition of "dealer" in section 3(a)(5)(C) of the Act (15 U.S.C. 78c(a)(5)(C)) or the rules thereunder; or **(B) non-securities activities conducted by the bank; and** **(ii) for the purpose of reducing the market or credit risk of the bank or consisting of incidental trading activities for portfolio management purposes; and** **(iii) limited to risk exposures within the market, credit, leverage, and liquidity risk parameters set forth in:** **(A) the trading authorizations granted to the individual (or to the supervisory of the individual) who executes the purchase or sale for, or on behalf of, the bank; and** **(B) the written internal risk management guidelines, policies, or procedures of the bank; and** **(iv) conducted solely by one or more individuals who perform substantial duties for, or on behalf of, the bank in connection with:** **(A) securities activities conducted by the bank pursuant to an exception or exemption from the definition of "dealer" in section 3(a)(5)(C) of the Act (15 U.S.C. 78c(a)(5)(C)) or the rules thereunder; or**	set forth in Exchange Act Rule 3b-15. That definition circumscribes a range of ancillary management activities that an OTC derivatives dealer can engage in notwithstanding it is not permitted to act as a full-purpose broker-dealer; we think using similar concepts here would likewise ensure that a person engaged in these activities is not engaged in dealing activities. See Part III of the May 27 BHC Letter for more details on the reasons for excluding ancillary bank activities from certain prongs of the Proposed Rules.

Recommended Modifications	Discussion
(B) non-securities activities conducted by the bank.	
(c) No presumption shall arise that a person is not a dealer within the meaning of Section 3(a)(5) (15 U.S.C. 78c(a)(5)) of the Act solely because that person does not satisfy paragraph (a) of this section.	
§ 240.3a44-2 Further definition of "as a part of a regular business".	
(a) A person that is engaged in buying and selling government securities for its own account is engaged in such activity "as a part of a regular business" as the phrase is used in Section 3(a)(44)(A) (15 U.S.C. 78c(a)(44)(A)) of the Act if that person:	
(1) Engages in a routine pattern of buying and selling government securities that has the effect of providing liquidity to other market participants **not controlling, controlled by or under common control with the person,** by:	This modification is designed to clarify the treatment of inter-affiliate transactions. See Part IV of the May 27 BHC Letter for more details
(i) Routinely making roughly comparable purchases and sales of the same or substantially similar government securities in a day **(other than any purchase or sale conducted as part of non-trading activities, liquidity management activities, cash management activities, or ancillary bank activities)**; or	These exclusions are designed to clarify the treatment of asset-liability management, liquidity and collateral management activities and activities ancillary to exempt dealing activities. See Parts II and III of the May 27 BHC Letter for more details.
(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 **not controlling, controlled by or under common control with the person,**; or	This modification is designed to clarify the treatment of inter-affiliate transactions. See Part IV of the May 27 BHC Letter for more details
(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; or	

Recommended Modifications	Discussion
(2) In each of four out of the last six calendar months, engaged in buying and selling more than $25 billion of trading volume in government securities as defined in Section 3(a)(42)(A) (15 U.S.C. 78c(a)(42)(A)) of the Act **(other than any buying or selling conducted as part of non-trading activities, liquidity management activities, cash management activities, or ancillary bank activities)**; and	These exclusions are designed to clarify the treatment of asset-liability management, liquidity and collateral management activities and activities ancillary to exempt dealing activities. See Parts II and III of the May 27 BHC Letter for more details.
(3) Is not:	
(i) A person that has or controls total assets of less than $50 million; or	
(ii) An investment company registered under the Investment Company Act of 1940	
(b) For purposes of this section:	
(1) The term "person" has the same meaning as prescribed in Section 3(a)(9) (15 U.S.C. 78c(a)(9)) of the Act.	
(2) A person's "own account" 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 or with whom that person is under common control **as part of a plan or scheme to willfully evade or attempt to evade the standards set forth in paragraph (a) of this section**, provided that this paragraph (b)(2)(ii) does not include:	This modification is designed to narrow the aggregation requirements of the Proposed Rule so that they are targeted at their anti-evasion objective. See Part I.A. of the May 27 BHC Letter for more details
(A) An account in the name of a registered broker, dealer, or government securities dealer, **any person whose government securities dealer activities are conducted either in compliance with an exemption set forth in § 17 C.F.R. Part 401 or without the jurisdiction of the United States, a financial institution that has filed a written notice pursuant to section 15C(a)(1)(B)(i) of the Act (15 U.S.C. 78i-5(A)(1)(B)(i)),** or an	These modifications are designed to ensure that the aggregation requirements of the Proposed Rule do not inadvertently require a parent company or affiliate of a person exempt or exclude from government securities dealer registration to register because of aggregation with that exempt or excluded person, as well as to

Recommended Modifications	Discussion
investment company registered under the Investment Company Act of 1940; or	clarify the treatment of financial institutions regulated as government securities dealers in accordance with the notice registration provisions set forth by Section 15C(a)(1)(B)(i) of the Exchange Act
(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~~	
(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	
(D) With respect to any person, an account over which that person does not, directly or indirectly, including through other persons controlled by that person, exercise investment discretion, unless those accounts constitute a commonly controlled account structure; or	This exclusion is designed to ensure that the aggregation requirements of the Proposed Rules do not encompass commonly controlled entities acting independently of each other and thus counterintuitively require those entities to coordinate their trading activity with each other. See Part I.A. of the May 27 BHC Letter for more details
(iii) Held for the benefit of those persons identified in paragraphs (b)(2)(i) and (ii) of this section.	
(3) The term "control" has the same meaning as prescribed in § 240.13h-1 (Rule 13h-1), under the Act.	

Recommended Modifications	Discussion
(4) The term "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.	
(5) The term "commonly controlled account structure" mean a structure in which the same person (the "control person") exercises investment discretion, directly or indirectly, including through other persons controlled by the control person, over two or more accounts each held in the name of a person controlled by the control person.	This definition is designed to work in tandem with the new exclusion set forth in paragraph (b)(2)(ii)(D) so that the exclusion would not be available when a common control person exercises investment discretion over two or more accounts.
(6) The term "investment discretion" has the same meaning as prescribed in § 240.13h-l (Rule 13h-l), under the Act.	This definition addresses the term "investment discretion" as used in other modifications set forth above
(7) The term "banking entity" has the same meaning as prescribed by 17 C.F.R. § 255.2(c).	This definition addresses the term "banking entity" as used in other modifications set forth below
(8) The term "non-trading activities" mean purchases and sales of government securities: **(i) with respect to a banking entity, not engaged in by the banking entity for its trading account (as defined in 17 C.F.R. §255.3(b), but without regard to paragraph (b)(1)(iii)); or** **(ii) with respect to a person that is not a banking entity, not classified as trading assets under U.S. generally accepted accounting principles (or an equivalent classification under any other accounting standards applicable to the person).**	This definition is designed to identify the sort of asset-liability management activities regularly conducted by banking organizations, using terms from the Volcker Rule with which those organizations and their regulators are familiar. For persons other than banking organizations, the definition relies on well-developed accounting classifications. See Part II of the May 27 BHC Letter for more details on the reasons for excluding asset-liability management activities from certain prongs of the Proposed Rules.

Recommended Modifications	Discussion
(9) The term "liquidity management activities" means purchases and sales of government securities conducted by: **(i) a banking entity in accordance with the exclusion from proprietary trading set forth in 17 C.F.R. § 255.3(d)(3); or** **(ii) any other person as though it was a banking entity conducting purchases and sales in accordance with such exclusion.**	This definition is designed to identify the sort of liquidity management activities regularly conducted by banking organizations, using an exclusion from the Volcker Rule with which those organizations and their regulators are familiar. For persons other than banking organizations, the definition uses the same exclusion, which we would envision those persons addressing by adopting and implementing liquidity management plans as contemplated by that exclusion. See Part II of the May 27 BHC Letter for more details on the reasons for excluding liquidity management activities from certain prongs of the Proposed Rules.
(10) The term "cash management activities" means purchases and sales of government securities involving: **(i) any taking possession of, and any subsequent sale or disposition of, collateral provided by a counterparty, or any acquisition of, and any subsequent sale or disposition of, collateral to be provided to a counterparty, in connection with:** **(A) any securities activities of the person (I) not encompassed by the definition of "dealer" in section 3a(5) of the Act (15 U.S.C. 78c(a)(5)) the rules thereunder (including any activity conducted pursuant to an exception or exemption from that definition), (ii) not encompassed by the definition of "government securities dealer" in section 3(a)(44) of the Act (15 U.S.C. 78c(a)(44)), or (III) conducted in compliance with an exemption set forth in § 17 C.F.R. Part 401 or the rules thereunder; or**	This definition is designed to identify the sort of cash management activities regularly conducted by banking organizations, using concepts similar to the "cash management securities activities" definition set forth in Exchange Act Rule 3b-14. That definition circumscribes a range of cash management activities that an OTC derivatives dealer can engage in notwithstanding it is not permitted to act as a full-purpose broker-dealer; we think using similar concepts here would likewise ensure that a person engaged in these activities is not engaged in dealing activities. See Part II of the May 27 BHC Letter for more details on the reasons for excluding cash management activities from certain prongs of the Proposed Rules.

Recommended Modifications	Discussion
(B) any non-securities activities of the person; **(ii) cash management, in connection with:** **(A) any securities activities of the person (I) not encompassed by the definition of "dealer" in section 3a(5) of the Act (15 U.S.C. 78c(a)(5)) the rules thereunder (including any activity conducted pursuant to an exception or exemption from that definition), (II) not encompassed by the definition of "government securities dealer" in section 3(a)(44) of the Act (15 U.S.C. 78c(a)(44)), or (III) conducted in compliance with an exemption set forth in § 17 C.F.R. Part 401 or the rules thereunder; or** **(B) any non-securities activities of the person; or** **(iii) financing of positions of the person in connection with:** **(A) any securities activities of the person (I) not encompassed by the definition of "dealer" in section 3a(5) of the Act (15 U.S.C. 78c(a)(5)) the rules thereunder (including any activity conducted pursuant to an exception or exemption from that definition), (II) not encompassed by the definition of "government securities dealer" in section 3(a)(44) of the Act (15 U.S.C. 78c(a)(44)), or (III) conducted in compliance with an exemption set forth in § 17 C.F.R. Part 401 or the rules thereunder; or** **(B) any non-securities activities of the person;**	

Recommended Modifications	Discussion
(11) The term "ancillary bank activities" means purchases and sales of government securities by a bank: **(i) in connection with:** **(A) securities activities conducted by the bank pursuant to an exception or exemption from the definition of "dealer" in section 3(a)(5)(C) of the Act (15 U.S.C. 78c(a)(5)(C)) or the rules thereunder;** **(B) government securities activities conducted by the bank in compliance with an exemption set forth in § 17 C.F.R. Part 401; or** **(C) non-securities activities conducted by the bank; and** **(ii) for the purpose of reducing the market or credit risk of the bank or consisting of incidental trading activities for portfolio management purposes; and** **(iii) limited to risk exposures within the market, credit, leverage, and liquidity risk parameters set forth in:** **(A) the trading authorizations granted to the individual (or to the supervisory of the individual) who executes the purchase or sale for, or on behalf of, the bank; and** **(B) the written internal risk management guidelines, policies, or procedures of the bank; and**	This definition is intended to identify the sort of securities hedging and trading activities that banks conduct ancillary to activities exempt from the "dealer" definition, using concepts similar to the "ancillary portfolio management securities activities" definition set forth in Exchange Act Rule 3b-15. That definition circumscribes a range of ancillary management activities that an OTC derivatives dealer can engage in notwithstanding it is not permitted to act as a full-purpose broker-dealer; we think using similar concepts here would likewise ensure that a person engaged in these activities is not engaged in dealing activities. See Part III of the May 27 BHC Letter for more details on the reasons for excluding ancillary bank activities from certain prongs of the Proposed Rules.

Recommended Modifications	Discussion
(iv) conducted solely by one or more individuals who perform substantial duties for, or on behalf of, the bank in connection with: **(A) government securities activities conducted by the bank in compliance with an exemption set forth in § 17 C.F.R. Part 401; or** **(B) non-securities activities conducted by the bank.**	
(c) No presumption shall arise that a person is not a government securities dealer within the meaning of Section 3(a)(44) (15 U.S.C. 78c(a)(44)) of the Act solely because that person does not satisfy paragraph (a) of this section.	