

MEMORANDUM

To: Liquidity Risk Management Programs Proposal File

From: John Foley
Senior Counsel, Division of Investment Management

Date: June 13, 2016

Re: Meeting with Representatives and Members of SIFMA

On June 9, 2016, Zeena Abdul-Rahman (Senior Counsel, Division of Investment Management (“IM”)), Thoreau Bartmann (Branch Chief, IM), Roni Bergoffen (Senior Counsel, Division of Trading and Markets (“TM”)), Diane Blizzard (Associate Director, IM), John Foley (Senior Counsel, IM), Natasha Greiner (Branch Chief, TM), Kathleen Joaquin (Senior Financial Analyst, IM), Naseem Nixon (Senior Counsel, IM), Jonathan Shapiro (Special Counsel, TM) and Sarah ten Siethoff (Assistant Director, IM) met with the following representatives and members of the Securities Industry and Financial Markets Association (“SIFMA”):

- Steve Avera (Managing Director, Merrill Lynch);
- William Bridy (Managing Director, Merrill Lynch);
- Timothy Cameron (Managing Director, Asset Management Group, SIFMA);
- Elisa Colkitt (Senior Vice President, Mutual Funds Operations, Wells Fargo);
- Lindsey Keljo (Vice President, Asset Managers Group, SIFMA);
- William Leahey (Vice President, Operations, Technology and BCP, SIFMA); and
- David Long (Principal, Edward Jones).

Among other things, the participants discussed the Commission’s proposal on liquidity risk management programs and swing pricing.



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MUTUAL FUND SWING PRICING

SIFMA BD Mutual Fund Operations Working Group

JUNE 9, 2016

Disclaimer: This document is for general information purposes only to frame a general discussion of broker dealer mutual fund processing. However, this document does not capture, among other things, (1) the significant processing diversity among broker dealers, or (2) the significant processing infrastructures and nodes outside broker dealer and DTCC Fund/SERV systems (e.g., DTCC DCC&S, Fund Transfer Agents, Fund Accountants, etc.).

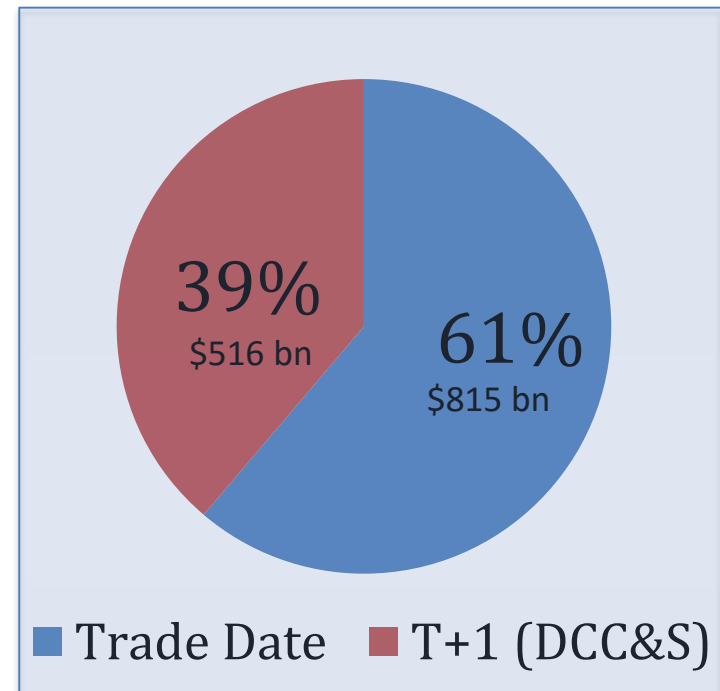
Mutual Fund Processing Channels

I. Directly Processed with Mutual Funds (approx. 15%)

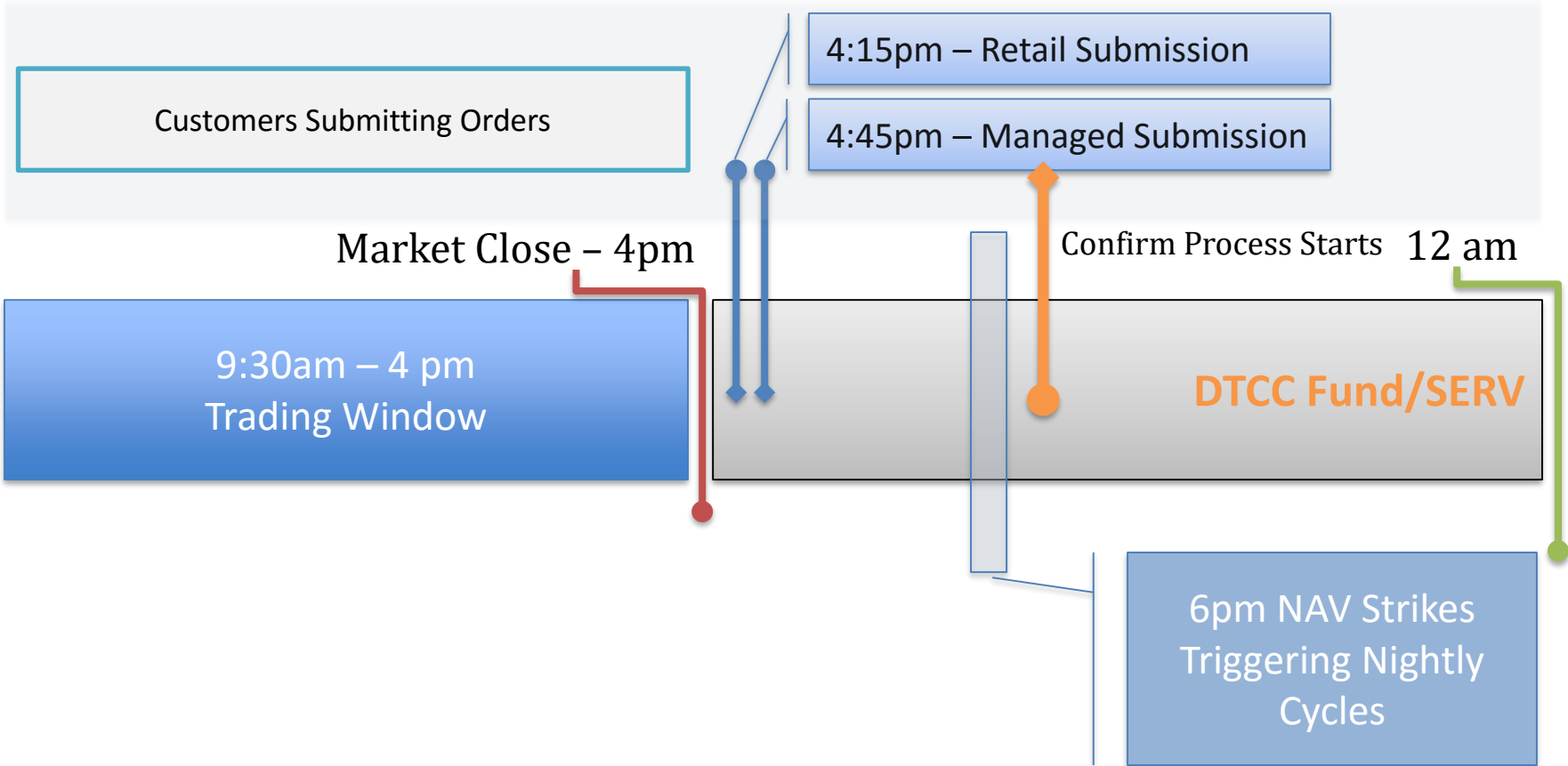
II. Processed Through the DTCC (approx. 85%)

- a) Trade Date Orders – Fund/SERV
- b) Trade Date Plus 1 (T+1) Orders – Defined Contribution Clearance & Settlement (DCC&S)

Quarter One 2016 DTCC Mutual Fund Activity (\$1.3trillion)

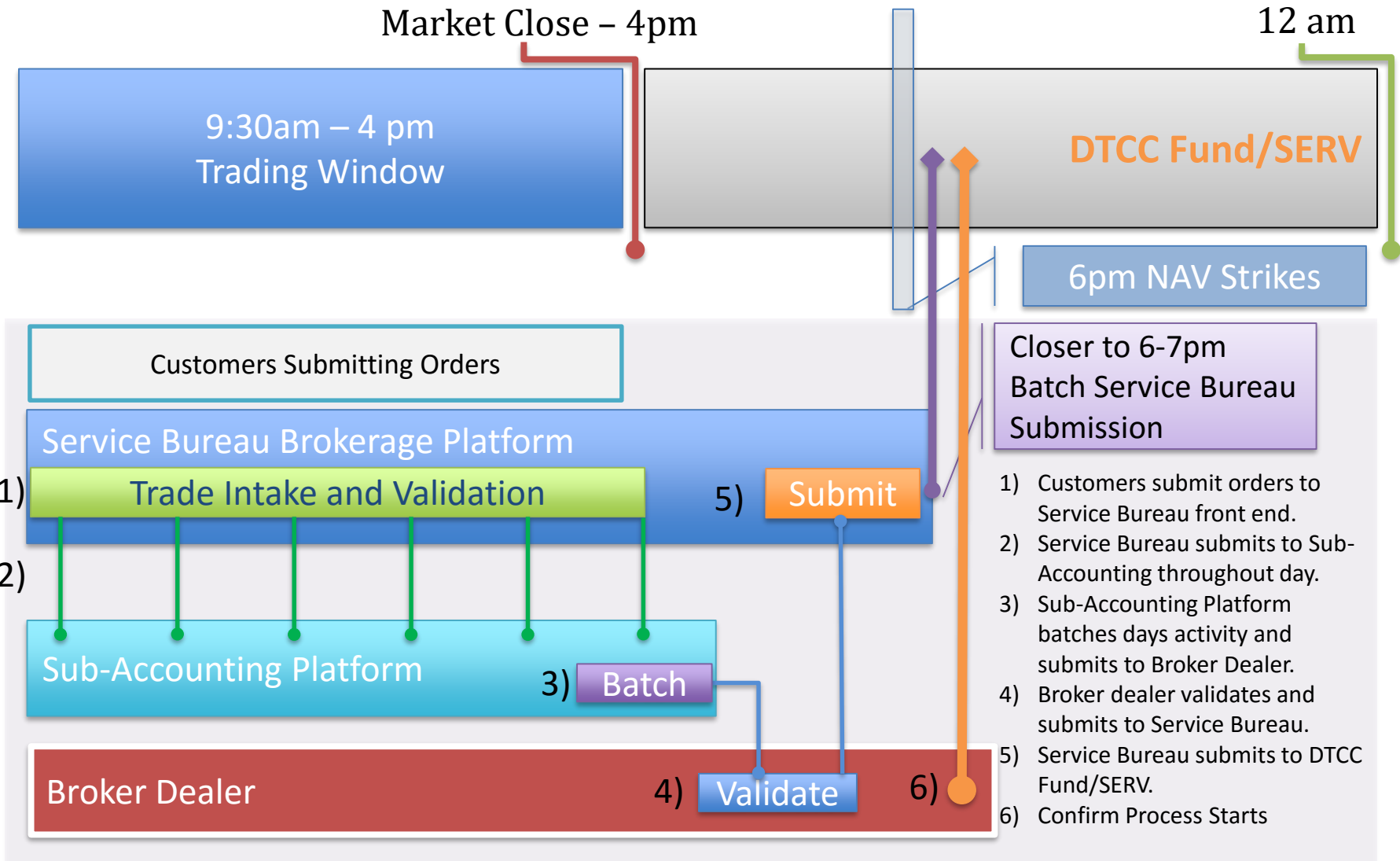


Trade Date Flows – Internal Order Processing



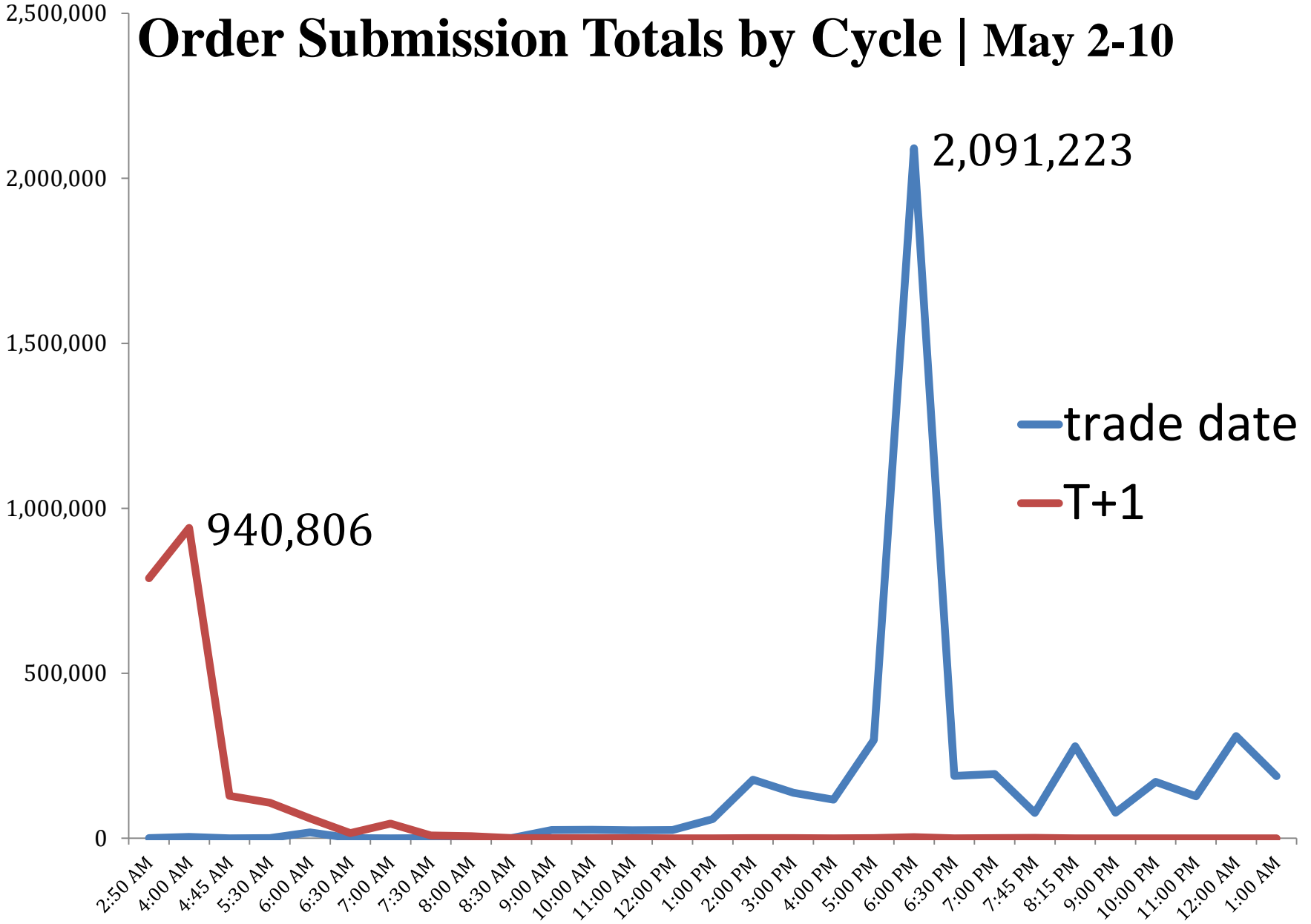
Disclaimer: Internal order processing models at broker dealers may vary significantly from firm to firm. This diversity includes, among other things, the time at which firms submit orders to the DTCC.

Trade Date Flows – Service Bureau Processing



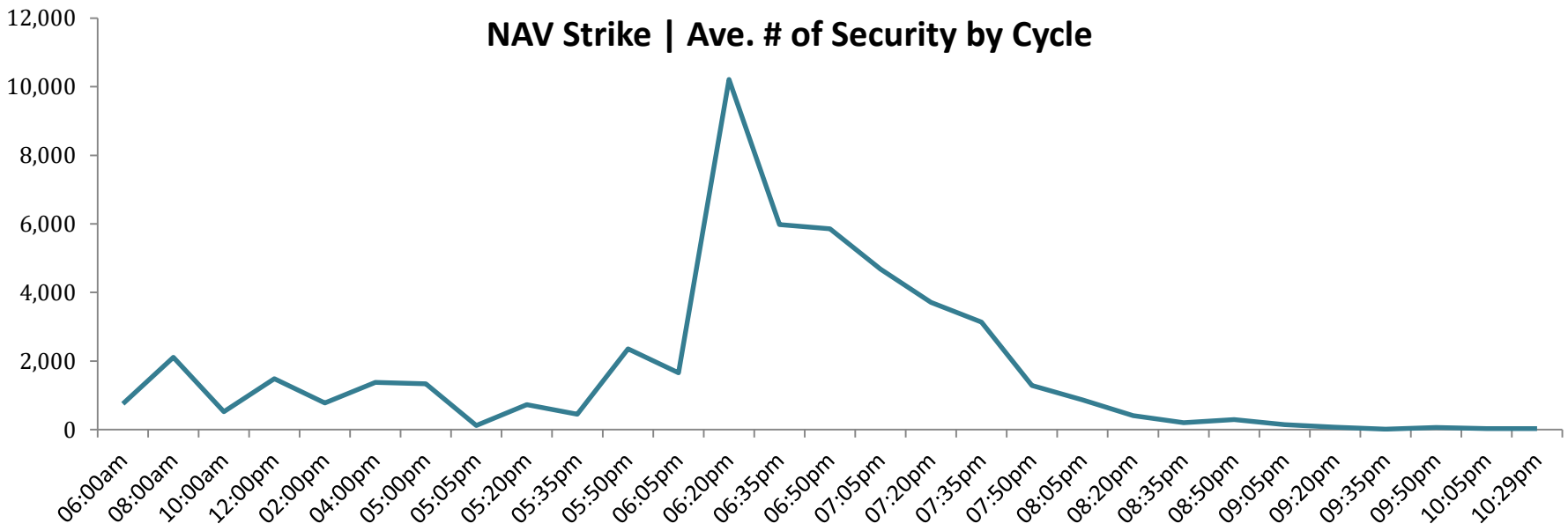
Disclaimer: Service Bureau order processing models at broker dealers may vary significantly from firm to firm. This diversity includes, among other things, the time at which firms submit orders to the DTCC.

Order Submission Totals by Cycle | May 2-10



Data Source: DTCC Fund/SURV & DCC&S, May 2-10 2016

NAV Strike | Ave. # of Security by Cycle



NAV Strike | Ave. # of Participants by Cycle

