



Via Email

January 13, 2011

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

Re: *File Number S7-34-10—Regulation SBSR—Reporting and Dissemination of Security-Based Swap Information*<sup>1</sup>

Dear Ms. Murphy:

I am writing on behalf of the Council of Institutional Investors (Council), a nonprofit association of public, union and corporate pension funds with combined assets that exceed \$3 trillion dollars. Member funds are major shareowners with a duty to protect the retirement savings of millions of American workers.<sup>2</sup>

The Council appreciates the opportunity to provide its views on the above referenced proposed rules implementing the provisions of Section 763 and Section 766 of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Deeply affected by the financial crisis, Council members have a strong interest in meaningful regulatory reform. We strongly believe that a requirement to report and publicly disseminate security-based swap information is necessary for the protection of investors.

Unregulated trading in over-the-counter (OTC) derivatives contracts was at the heart of the global financial turmoil. As outlined in the July 2009 report of the Investors' Working Group (IWG), specific problems plaguing the market include lack of transparency and price discovery, excessive leverage, rampant speculation and lack of adequate prudential controls.<sup>3</sup> Consistent with the recommendations of the IWG, during the development of the Dodd-Frank Act, the Council strongly advocated for the inclusion of several provisions that would help close the gap in oversight of the OTC derivatives market. In addition to requiring all standardized (and standardizable) derivative contracts be traded on regulated exchanges and cleared through

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<sup>1</sup> Regulation SBSR—Reporting and Dissemination of Security-Based Swap Information, 75 Fed. Reg. 75,208 (Dec. 2, 2010), available at <http://edocket.access.gpo.gov/2010/pdf/2010-29710.pdf>.

<sup>2</sup> For more information about the Council of Institutional Investors (Council) and its members, please visit the Council's website at <http://www.cii.org>.

<sup>3</sup> Investors' Working Group, U.S. Financial Regulatory Reform: The Investors' Perspective 11 (July 2009), [http://www.cii.org/UserFiles/file/resource%20center/investment%20issues/Investors'%20Working%20Group%20Report%20\(July%202009\).pdf](http://www.cii.org/UserFiles/file/resource%20center/investment%20issues/Investors'%20Working%20Group%20Report%20(July%202009).pdf). [Following its issuance, the IWG Report was reviewed and subsequently endorsed by the Council board and membership. For more information about the Investors' Working Group, please visit the Council's website at <http://www.cii.org/iwglInfo>.]

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regulated clearinghouses, the Council encouraged Congress to grant the Securities and Exchange Commission (Commission) and the Commodity Futures Trading Commission broad powers to oversee the OTC derivatives market and all its participants, including powers to require additional reporting and inspection of records. More specifically, the Council supported requirements that dealers register, maintain related records and report transaction prices and volumes to their appropriate federal regulator and the public on a timely basis.<sup>4</sup>

We believe the transparency resulting from the implementation of the proposed rules would not only lower systemic risk and strengthen regulatory oversight, but also, importantly for investors, enhance the price discover function of the derivatives market.<sup>5</sup> For all of the aforementioned reasons, we wish to express our support for the Commissions proposed rules.

The Council is encouraged by the Commission's perseverance during this intense period of rulemaking, and we appreciate the opportunity to share our views with you on the reporting and public dissemination of security-based swap information. If you have any questions or need any additional information, please feel free to contact me at (202) 261-7086 or [laurel@cii.org](mailto:laurel@cii.org), or General Counsel Jeff Mahoney at (202) 261-7081 or [jeff@cii.org](mailto:jeff@cii.org).

Sincerely,



Laurel Leitner  
Senior Analyst

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<sup>4</sup> *Id.*

<sup>5</sup> See, e.g., Letter from Jonathan Urick, Analyst, Council of Institutional Investors to The Honorable Christopher Dodd, Chairman, U.S. Senate Committee on Banking, Housing, and Urban Affairs et al. 2 (Feb. 4, 2010), <http://www.cii.org/UserFiles/file/resource%20center/correspondence/2010/2-4-10%20CII%20Senate%20Derivatives%20Letter.pdf>.