



Large Trader Reporting Symposium

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Remarks

As prepared for delivery

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Good morning and welcome.

We are here today to discuss the SEC's new Rule 13h-1, which establishes large trader reporting requirements in the U.S. This rule was adopted unanimously by the Commission last July to enhance the SEC's ability to identify large traders, and to collect and analyze information on their trading activity. The rule is intended to help the Commission reconstruct trading activity following periods of unusual market volatility, and to detect and deter fraudulent and manipulative activity and other trading abuses.

As many of you know, one important deadline for this new rule is already behind us – on December 1st, market participants who are considered "Large Traders" should have registered with the SEC. The next deadline is April 30th, when broker-dealers who execute and clear the trades of large traders must comply with new recordkeeping, reporting and monitoring requirements.

Since the rule was adopted, SIFMA has been diligently working to with SEC staff to answer our member firms' questions and to convey their implementation concerns. We formed a steering committee with participants from over 10 SIFMA standing committees, representing several different lines of business and many types of firms. This steering committee holds periodic calls to delve into questions and issues regarding Rule 13h-1, and also holds calls with SEC staff to seek answers to those questions. The steering committee representatives will continue their work for as long as firms have open questions remaining.



The issues we've dealt with range from the very definition of who is a large trader, to what the new requirements mean for different kinds of broker-dealers – including prime brokers, executing firms and clearing firms. We also actively discuss the many questions regarding compliance, operational and technology challenges.

We have two panels here today that will look into issues such as these. The first panel will discuss the many interpretative issues firms have raised with the new rule. The second panel will explore the operations and technology considerations for implementation – the real mechanics around reporting. The member firm representatives participating on our panels today have been working on this rule since it was adopted. They should be able to give you a good understanding of the rule – at least in the areas where we do have clarity – and then note the areas where we're still seeking guidance from the SEC.

I'd like to take a moment now to thank these panelists – not only for their help today but for their continued assistance throughout this implementation process. Along with the many other firm representatives participating on our committees, they have carefully studied the rule and raised insightful questions that contribute to our greater understanding of its impact.

I also would like to extend a special thank you to Dave Shillman and Richard Holley from the SEC's Division of Trading and Markets for joining us here today to discuss these important issues, and for their assistance over the past many months in addressing our member firms' questions. We very much appreciate your willingness to always consider yet another call with us.

Finally, I'd like to also thank Bob Colby, a partner at Davis Polk, who is moderating the first panel of the day. Bob and his colleagues, including Ashley Harris, who is in the audience today, have been of immense help in assisting SIFMA and our member firms with



implementation issues. Many of you know that, before joining Davis Polk in 2009, Bob served for 17 years as Deputy Director of the SEC's Division of Trading and Markets, where he was responsible for the regulation of broker-dealers, securities markets, and clearing organizations. Previously, he was Chief Counsel of the Division and Chief of the Division's Branch of Market Structure.

Before I turn it over to Bob to kick off the first panel discussion, I'd like to thank FTEN, a NASDAQ OMX company, for sponsoring this morning's session.

Also, for the audience in the room here, you have index cards on your chairs – please use these to ask questions of the panelists today. SIFMA staff will circulate to collect them. For those of you on the conference line, please email your questions according to the Webinar instructions.

Finally, if you're not already involved in a SIFMA large trader committee and would like to be, please see any one of the SIFMA staff advisers here today who would be happy to get you plugged in on an ongoing basis.

Now, please join me in welcoming Bob.