2022 Capital Markets Outlook

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About SIFMA

SIFMA is the leading trade association for broker dealers, investment banks and asset managers operating in the U.S. and global capital markets.

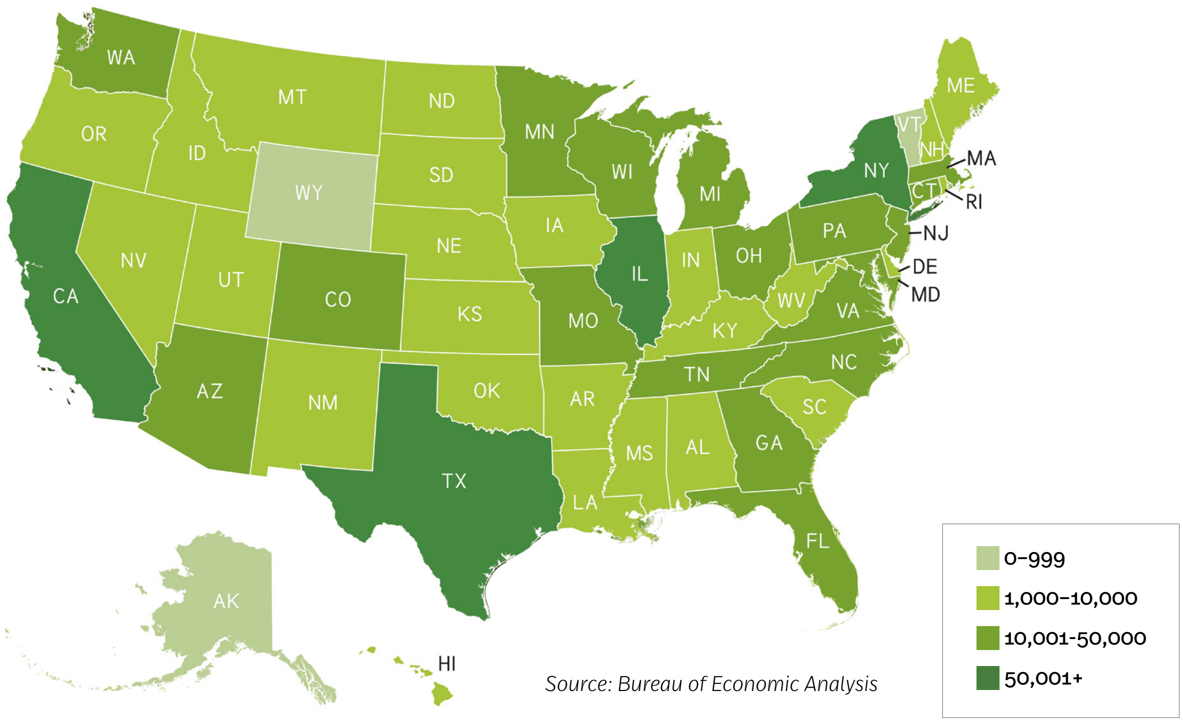
On behalf of our industry's nearly 1 million employees, we advocate on legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, 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).

Invested in America

Our Members

SIFMA members provide access to capital so that ideas, businesses and savings can grow. America's capital markets are the strongest in the world, providing more than 70% of funding for economic activity in terms of equity and debt financing of non-financial corporations. Our members' combined businesses represent 75% of the U.S. broker-dealer sector by revenue and 50% of the asset management sector by assets under management.

The securities industry has employees in every state, employing 948,000 individuals across the country (a 0.4% decrease year-over-year).



Source: Bureau of Economic Analysis

2021–2022 Board of Directors

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Global Head of Linear Rates Trading
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President and CEO
SIFMA

Our History

1912

SIFMA's first predecessor trade group, the Investment Bankers Association of America (IBA), was founded to be the voice of the investment banking industry.

1913

The Association of American Stock Exchange Firms (ASEF) was formed to represent the interest of the financial markets. An eventual merger in 1971 between the ASEF and IBA was a natural fit.

1914

The IBA creates our very first member committee, the Education Committee. Today, our organization is guided by 6 subcommittees of our Board of Directors and includes approximately 33 standing committees, 30 forums and 8 advisory councils.

1971

IBA and ASEF merged to form the Securities Industry Association (SIA), as the industry recognized the need to formally combine efforts and establish one association representing all of Wall Street.

1976

IBA's Municipal Securities and Government Bonds Committees (established in 1918) incorporated as an independent organization, forming the Public Securities Association (PSA).

1997

PSA expanded over the years and changed its name to The Bond Market Association (TBMA) to reflect the organization's growing representation of the debt markets.

2007 – Present

Starting a new chapter but building on our shared history, the Securities Industry and Financial Markets Association (SIFMA) was created through the merger of SIA and TBMA.

Markets Matter

Why Capital Markets Matter

Capital markets recognize and drive capital to the best ideas and enterprises. Coupled with the free flow of capital, innovation is an integral component for supporting job creation, economic development, and prosperity. Markets facilitate investment from those who seek a return on their assets to those who need capital and credit to grow.

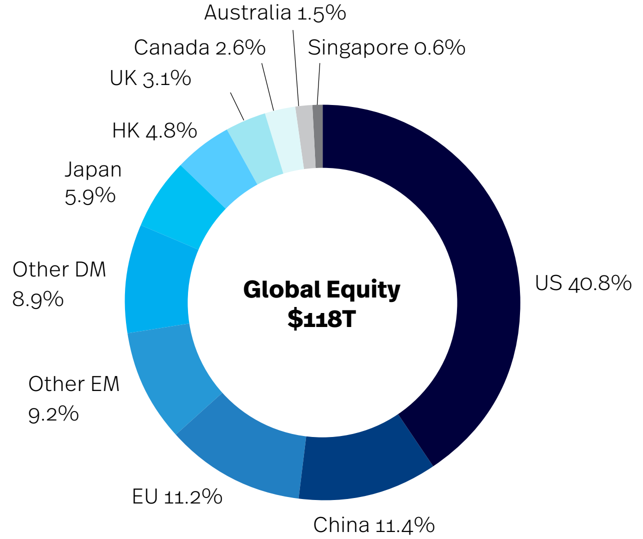
Clients benefiting from healthy capital markets include both individual and institutional investors, governments, and corporations. Whether equity or debt, capital can be used to grow businesses, investment in new technology, plant, and equipment or fund infrastructure developments. This grows the economy and creates jobs and wealth. Further, individuals and businesses can invest in securities to generate wealth.

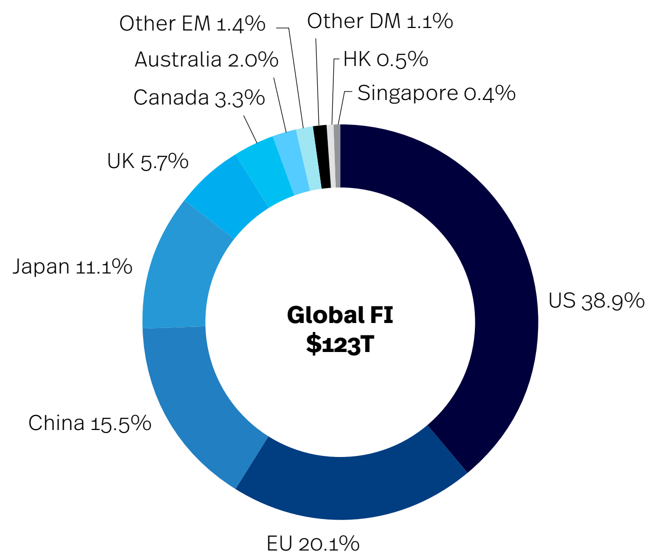
US Capital Markets Are the Largest in the World

The U.S. capital markets are the largest in the world and continue to be among the deepest, most liquid and most efficient.

Equities: U.S. equity markets represent 41% of the $118 trillion in global equity market cap, or $48 trillion; this is 3.6x the next largest market, China.

Fixed Income: U.S. fixed income markets comprise 39% of the $123 trillion securities outstanding across the globe, or $48 trillion; this is 1.9x the next largest market, the EU (excluding the U.K.).





Source: World Federation of Exchanges (as of September 2021), Bank for International Settlements (as of March 2021)

Note: Equity = market cap, FI =fixed income, includes structured products = securities outstanding. EU = 27 member states, excluding the UK; FI = fixed income; EM = emerging markets; HK = Hong Kong; DM = developed markets

Capital Markets Fuel Economies

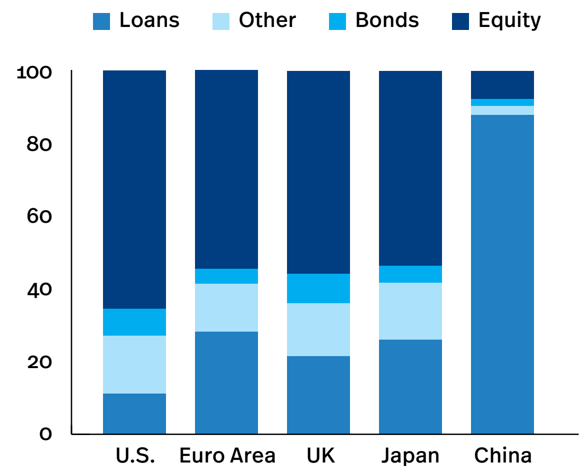
U.S. capital markets are the bedrock of our nation's economy.

Capital markets are critical to financing economies and supporting economic growth, as they enable the efficient allocation of risk and transfer of capital across parties. In the U.S., capital markets fund 73% of all economic activity, in terms of equity and debt financing of non-financial corporations. This ensures businesses have easy and consistent access to liquidity and affordable funding to fuel growth and create jobs.

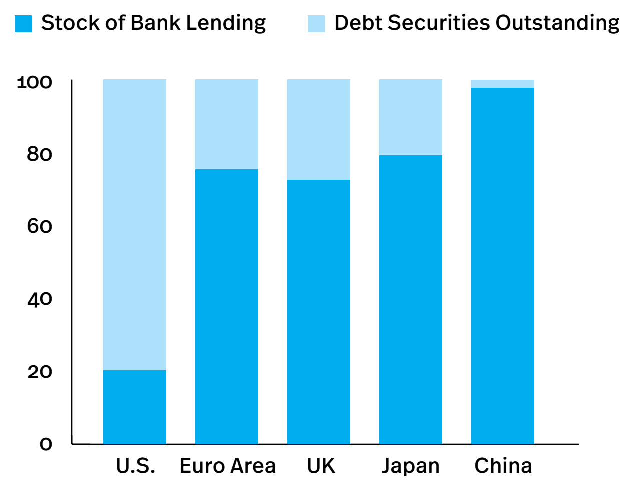
Capital markets enable debt issuance, which is a more efficient and less restrictive form of borrowing for corporations. The use of debt capital markets is more prevalent in the U.S. at 80% of the total (versus 20% bank lending), compared to only 20%-30% in other regions (where bank lending is more dominant at 70%-80%), excluding China which is almost all bank lending given nascent bond markets. Capital markets function as shock absorbers during times of economic or market turmoil, whereas bank lending can dry up under stress. As such, capital markets form a more stable source of power for companies, governments, and economies.

On the equities side, companies need capital to invest in growth, fund mergers and acquisitions, and many other operational purposes. Firms have several options to generate capital, including issuing IPOs, which allow businesses to grow, innovate, and better serve their customers.

Financing of Non-Financial Corporations



Debt Financing of Non-Financial Corporations



Source: Organization for Economic Co-operation and Development, European Central Bank, Bank of Japan, National Bureau of Statistics of China, Federal Reserve (as of 2020, China 2017)

Note: Euro Area = 19 EU-member states using the Euro; EU = 27 member states. Other financing = insurance reserves, trade credits and trade advances.

Market Insights

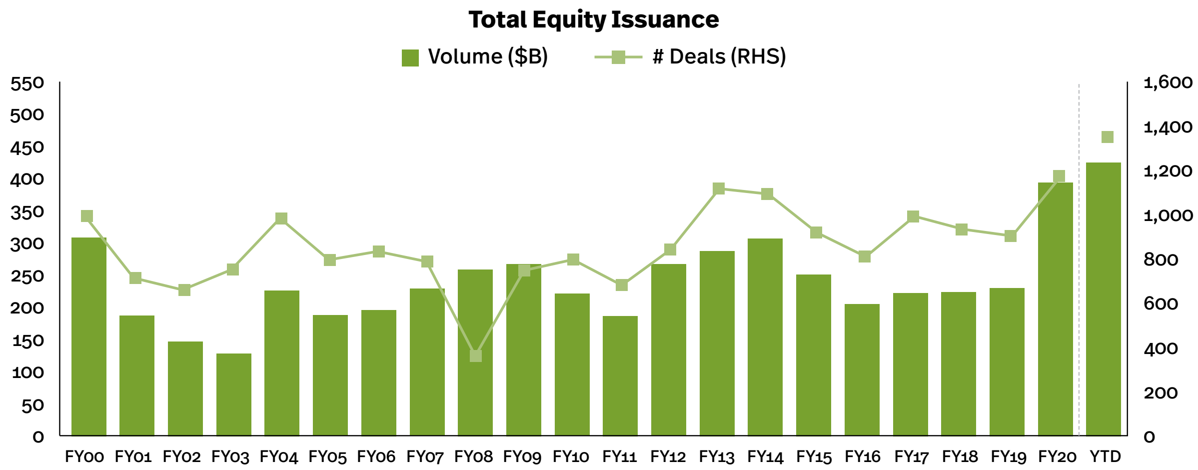
Capital Formation

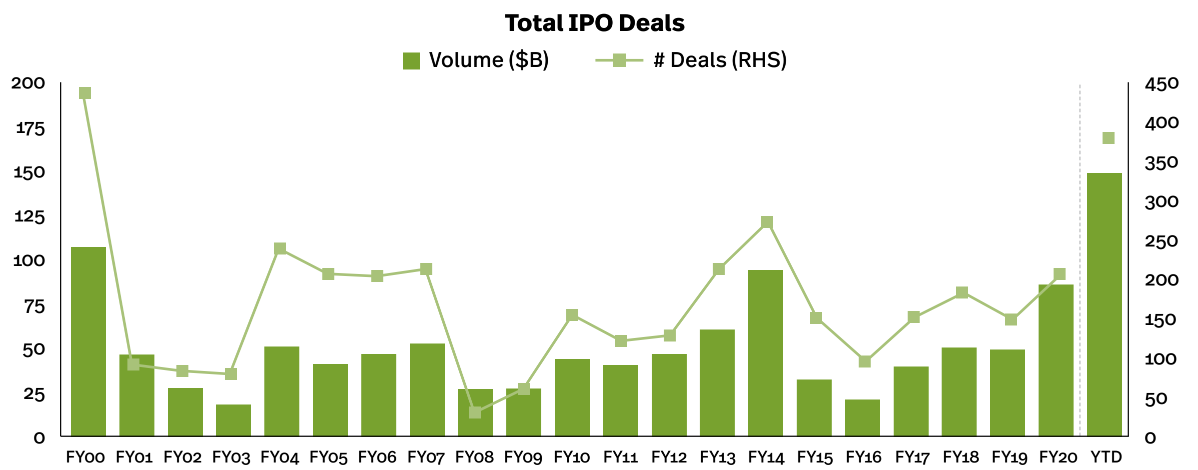
Issuance

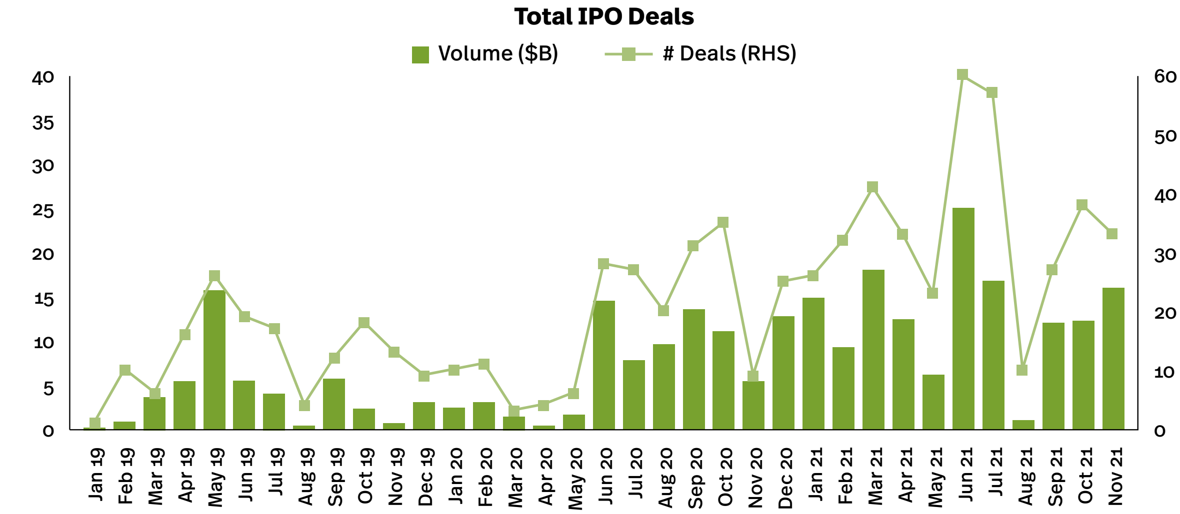
Total U.S. equity issuance was $390 billion in 2020, +71.0% Y/Y, and $421 billion YTD 2021 (through November), +22.9% Y/Y. IPOs totaled $85 billion in 2020, +74.9% Y/Y, and $148 billion YTD (through November), +104.3% Y/Y. Total issuance has increased at a +9.4% CAGR over the last five years, with IPOs experiencing a +21.6% CAGR.

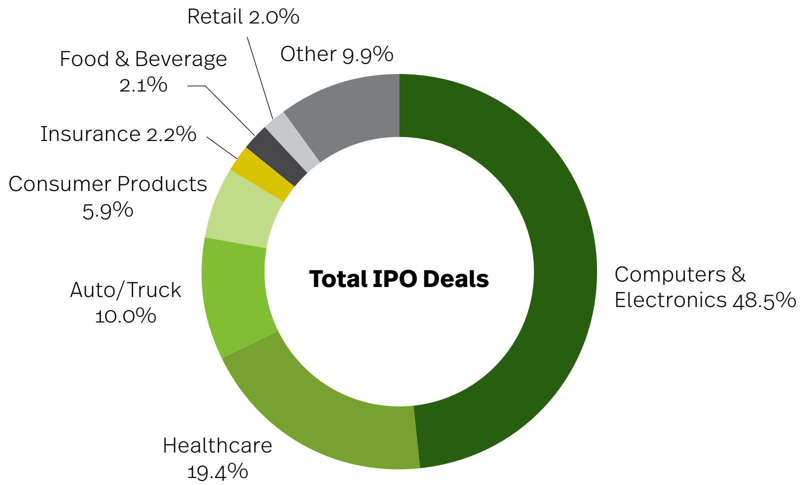
As of November 2021, IPOs totaled $147.8 billion, +104.3% Y/Y. Of this, $111.7 billion, or 75.6% of the total, was in U.S. domiciled firms, +0.3 pps Y/Y. The number of deals was 381 YTD, +107.1% Y/Y; U.S. domiciled deals was 292, +114.7% Y/Y. The top three sectors in IPOs issuance YTD were Computers & Electronics (48.5% of total), Healthcare (19.4%) and Auto/Truck (10.0%).

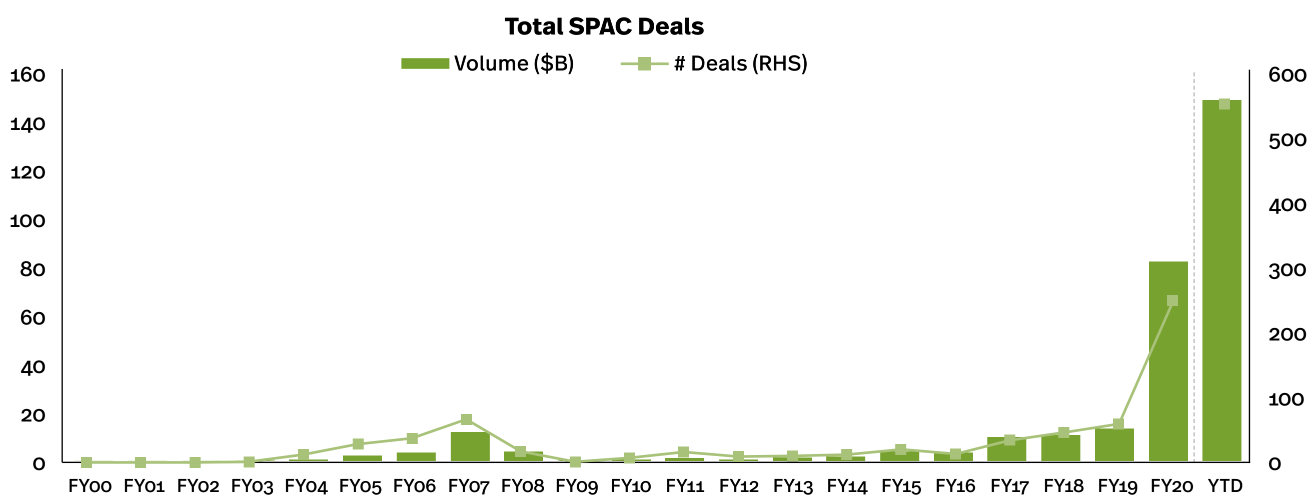
Total SPAC issuance was $83 billion in 2020, +517.3% Y/Y, and $151 billion YTD 2021 (through November), +115.7% Y/Y.











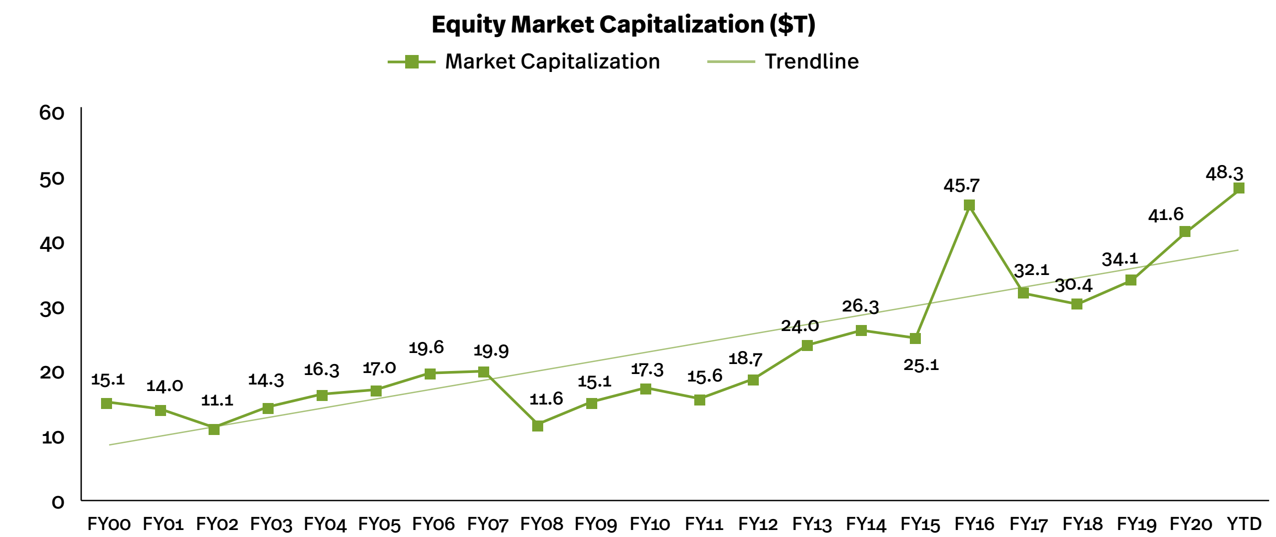
Source: Dealogic

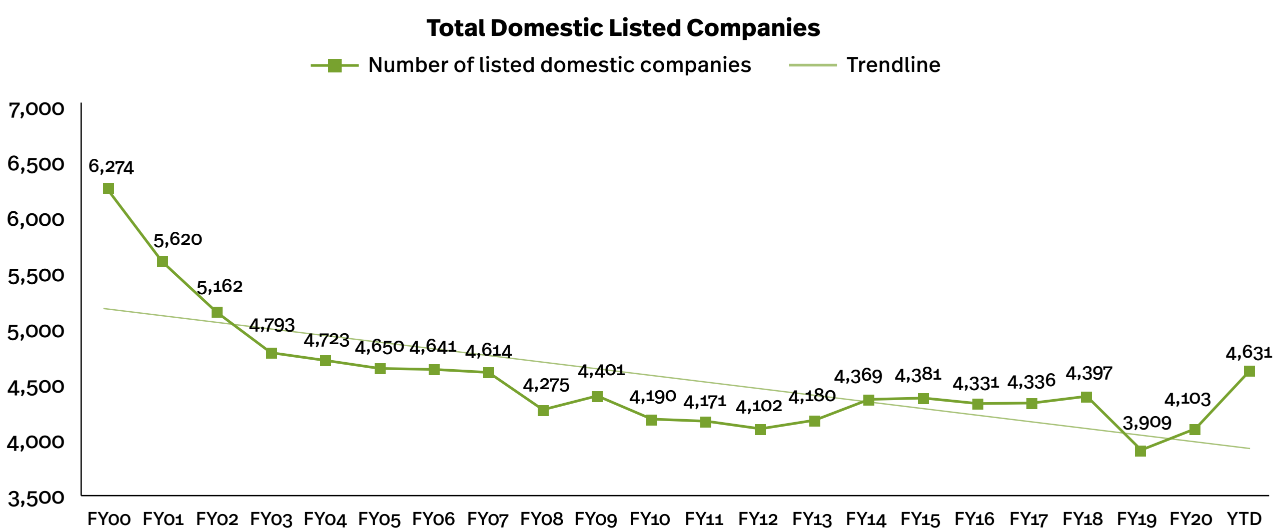
Note: Total equity and IPOs Includes rank eligible deals; excludes BDCs, SPACs, ETFs, CLEFs & rights offers; SPAC = special purpose acquisition company, includes blank check companies (as of November 2021)

Market Cap & Listed Companies

Total U.S. equity market cap was $41.6 billion in 2020, +22.0% Y/Y, and $48.3 billion YTD (through October), +34.0% Y/Y. Market cap has grown at a +10.6% CAGR over the last five years.

The number of listed domestic companies was 4,631 YTD, down 26.2% since 2000 (6,274) but up 12.9% from the 2012 low (4,102).



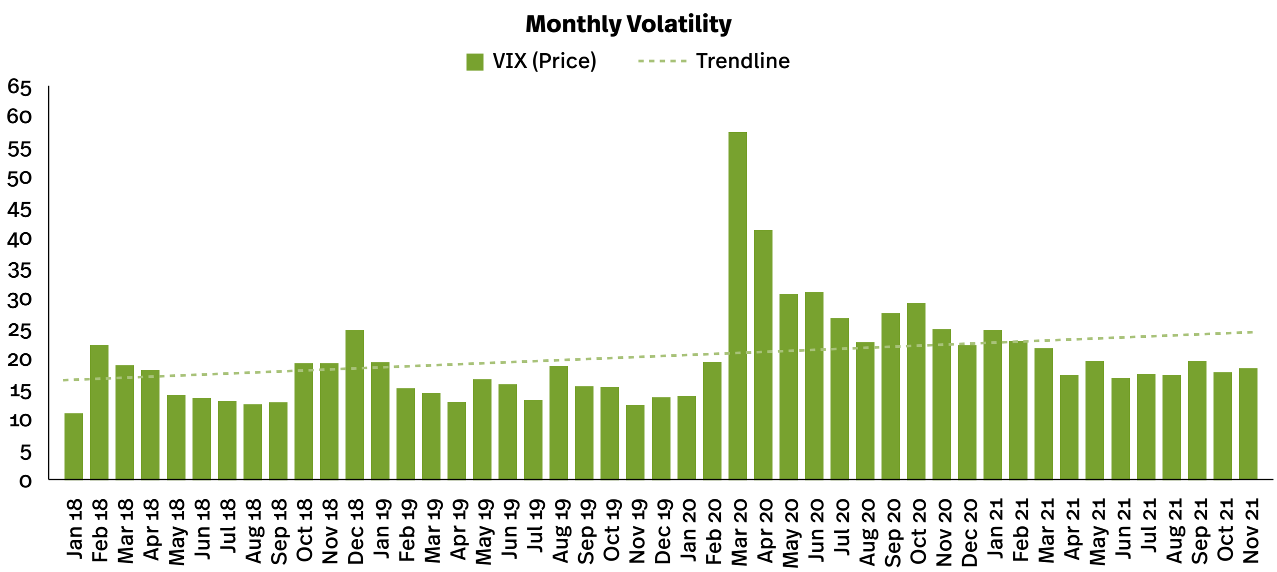


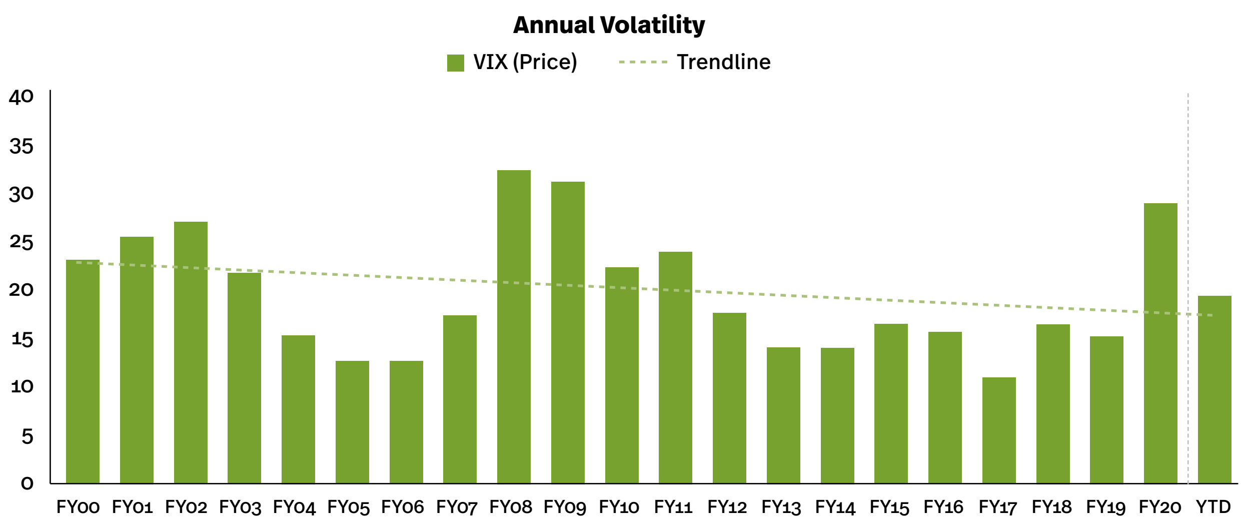
Source: World Federation of Exchanges (as of September 2021)

Volatility, Equity & Options Volumes

Volatility (VIX)

YTD (through November), average volatility as measured by the VIX was 19.49, -34.8% Y/Y. This is compared to an average VIX of 15.39 historically, +26.7%. The VIX averaged 19.75 and 24.15 for the last 12 and 24 months, while the six-month average was 18.03.

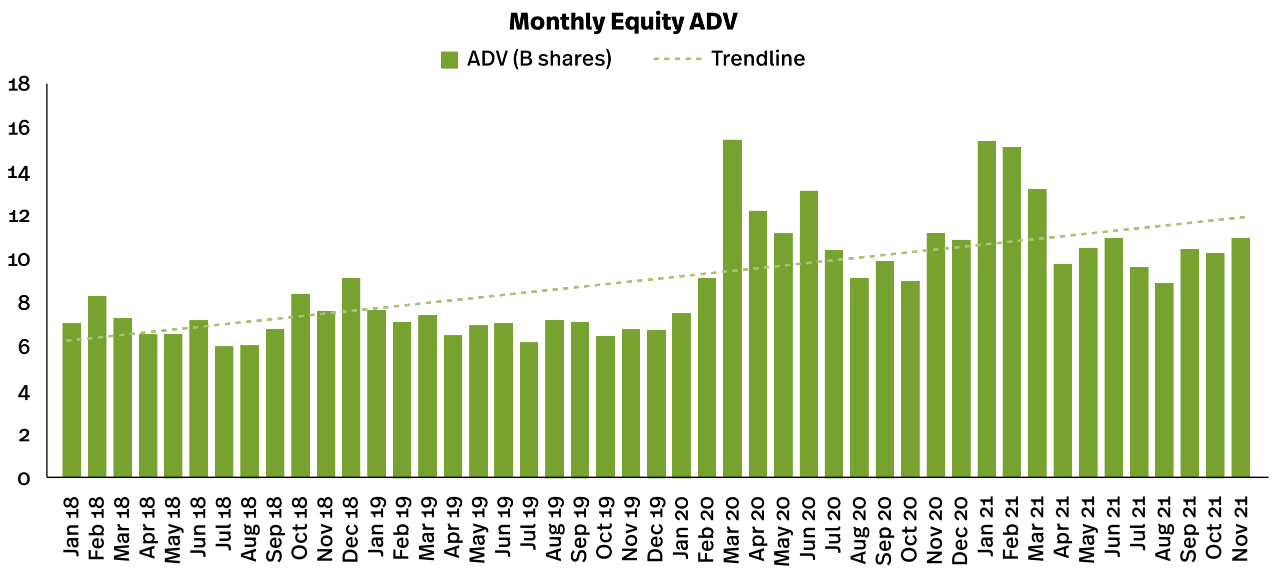


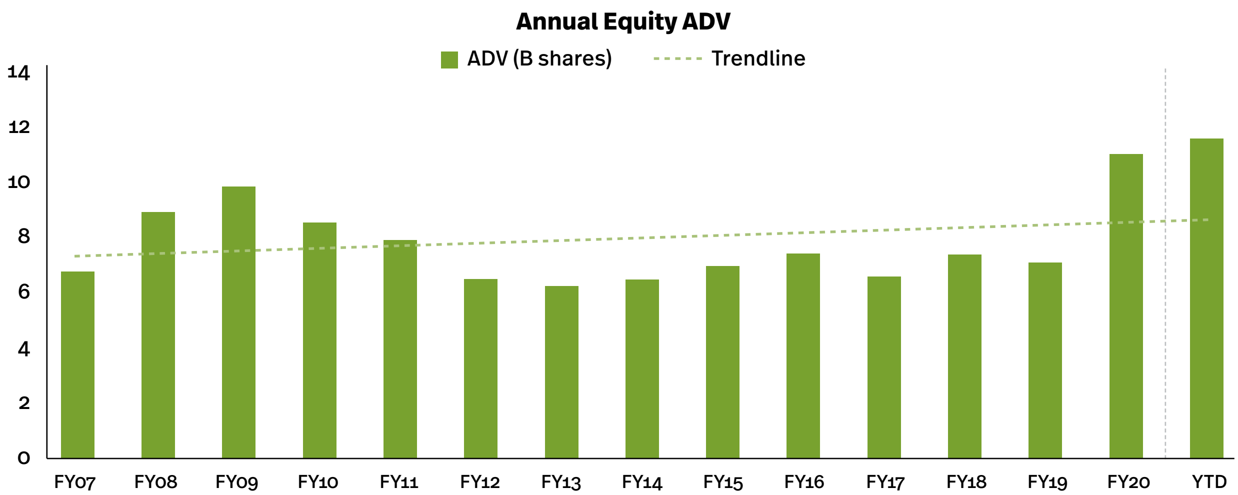


Source: Bloomberg, SIFMA estimates (as of November 2021)

Equity Volumes

Around 11.5 billion shares are traded on U.S. equity markets every day (through November), +5.0% Y/Y. This is compared to around 7.4 billion shares historically, +54.8%. ADV averaged 11.4 billion shares and 11.0 billion shares for the last 12 to 24 months, while the six-month average was 10.3 billion shares.

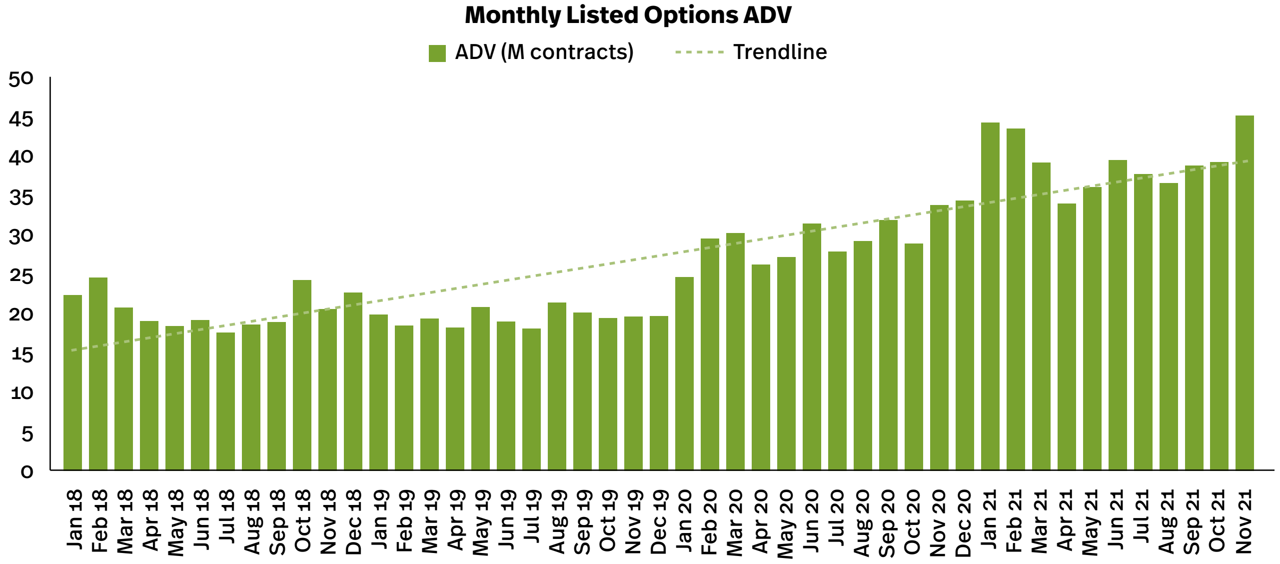


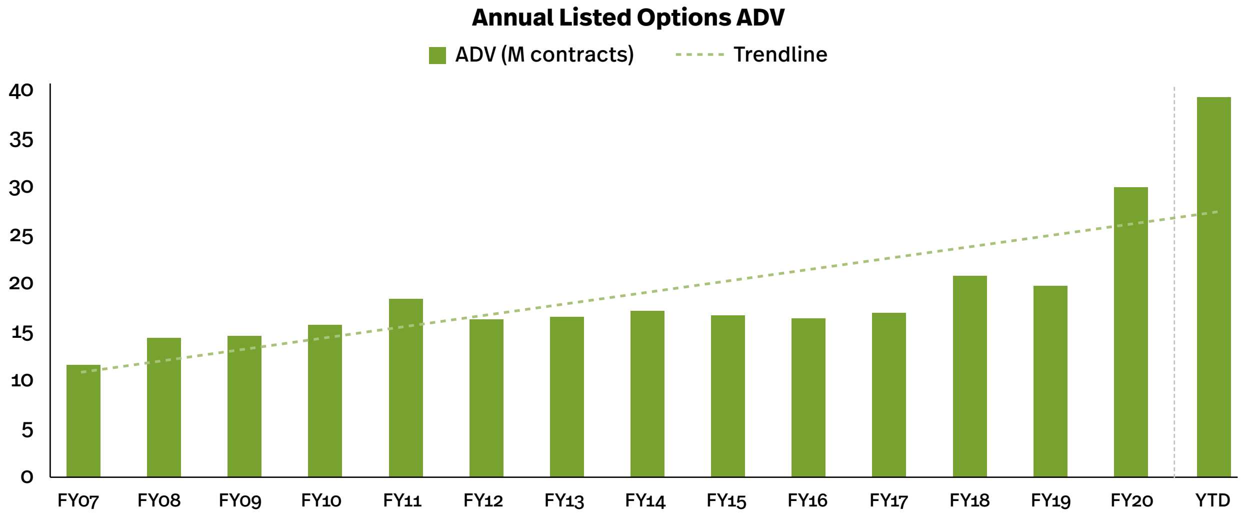


Source: Cboe Global Markets, SIFMA estimates (as of November 2021)

Options Volumes

Around 39.2 million contracts are traded each day in the U.S. multi-listed options market (through November), +35.0% Y/Y. This is compared to around 16.7 million contracts historically, +135.0%. ADV averaged 38.8 million contracts and 33.5 million contracts for the last 12 and 24 months, while the six-month average was 39.3 million contracts.





Source: OCC, SIFMA estimates (as of November 2021)

Fixed Income Issuance & Outstanding

Issuance

Total fixed income issuance was $12.2 trillion in 2020, +44.5 Y/Y, and $12.1 trillion YTD 2021 (through November), +7.5% Y/Y. Issuance has increased at a +12.4% CAGR over the last five years.

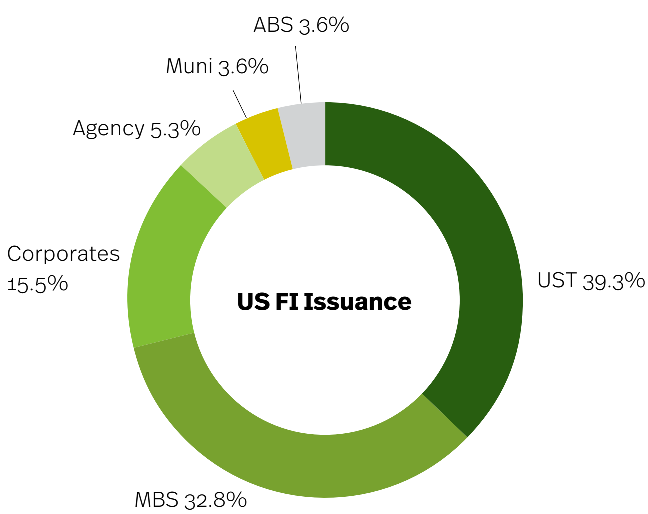
U.S. Treasury issuance was $20.9 trillion in 2020, +73.6% Y/Y, and $17.9 trillion YTD 2021 (through November), -5.8% Y/Y. Issuance has increased at a +24.5% CAGR over the last five years.

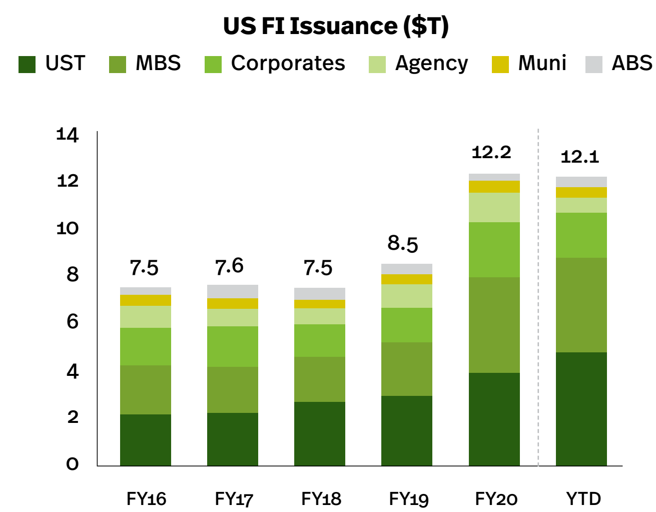
Long-term U.S. Treasury issuance was $3.9 trillion in 2020, +32.7% Y/Y, and $4.7 trillion YTD 2021 (through November), +35.7% Y/Y. Issuance has increased at a +12.9% CAGR over the last five years.

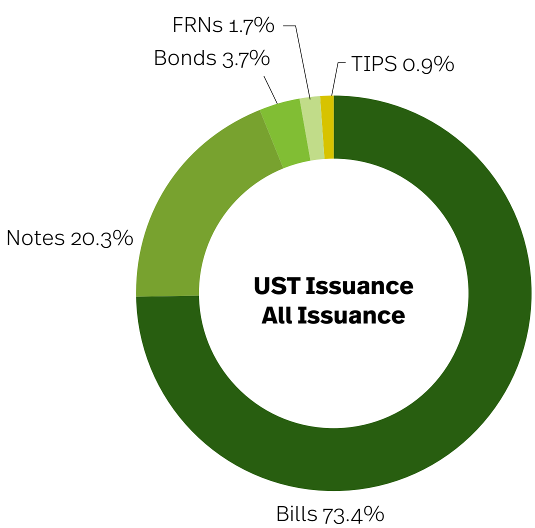
Corporate bonds issuance was $2.3 trillion in 2020, +60.4 Y/Y, and $1.9 trillion YTD 2021 (through November), -15.7% Y/Y. Issuance has increased at a +8.6% CAGR over the last five years. The top three sectors corporate bonds issuance YTD were Financials (43.2% of total), Energy & Power (11.4%) and High Technology (8.3%).

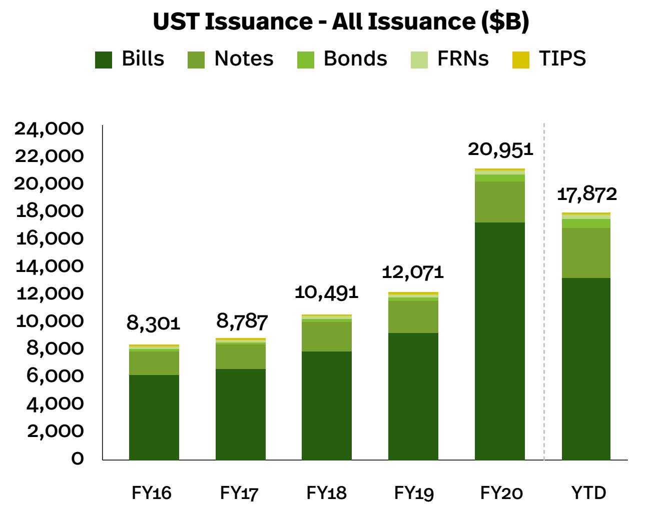
Municipal bonds issuance was $484.5 billion in 2020, +13.6% Y/Y, and $432.2 billion YTD 2021 (through November), -3.9% Y/Y. Issuance has increased at a +3.6% CAGR over the last five years.

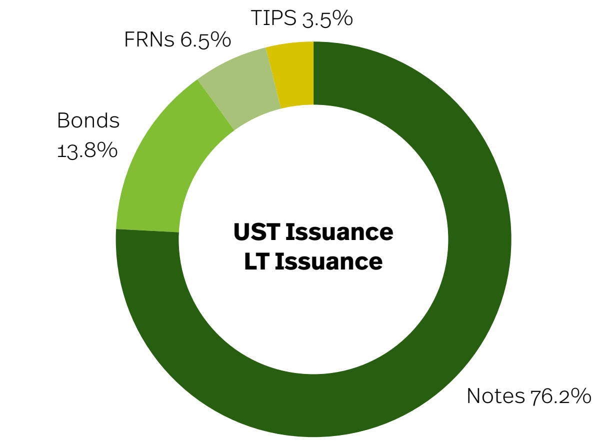
MBS issuance was $4.0 trillion in 2020, +78.2% Y/Y, and $4.0 trillion YTD 2021 (through November), +10.2% Y/Y. Issuance has increased at a +17.3% CAGR over the last five years.

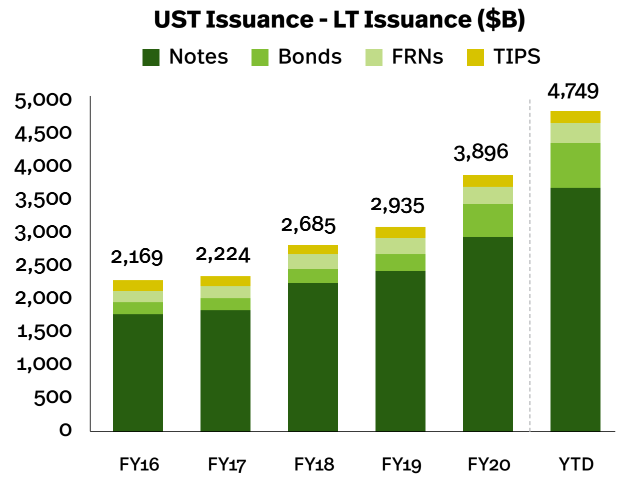


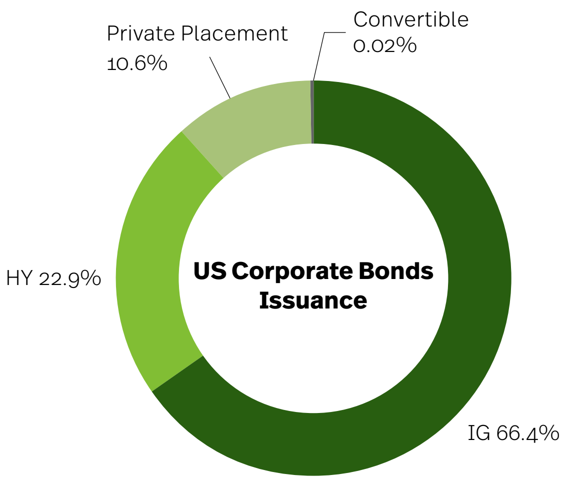


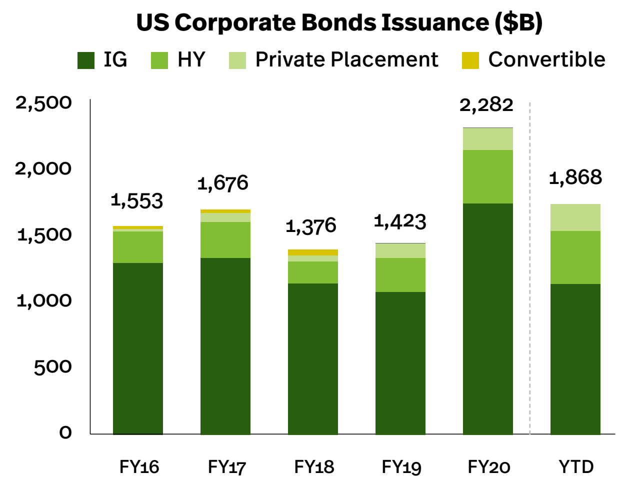


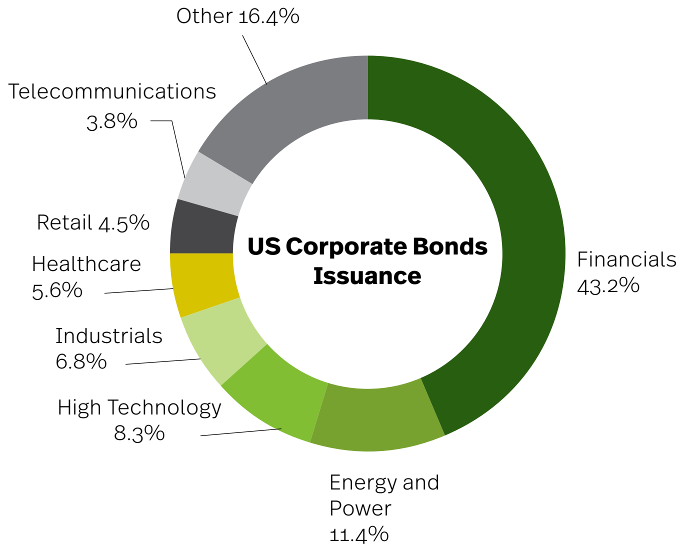


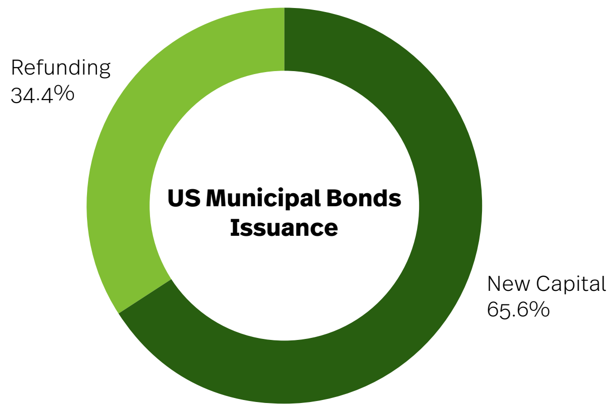

UST Issuance
LT Issuance
Notes 76.2%
Bonds 13.8%
FRNs 6.5%
TIPS 3.5%

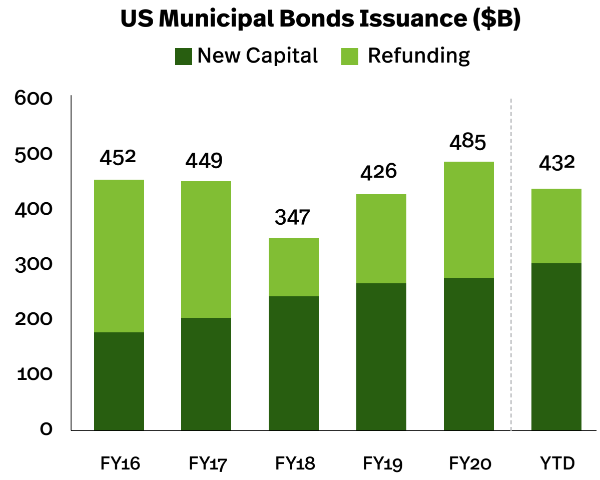

UST Issuance - LT Issuance ($B)
Notes
Bonds
FRNs
TIPS
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
2,169
2,224
2,685
2,935
3,896
4,749
FY16
FY17
FY18
FY19
FY20
YTD

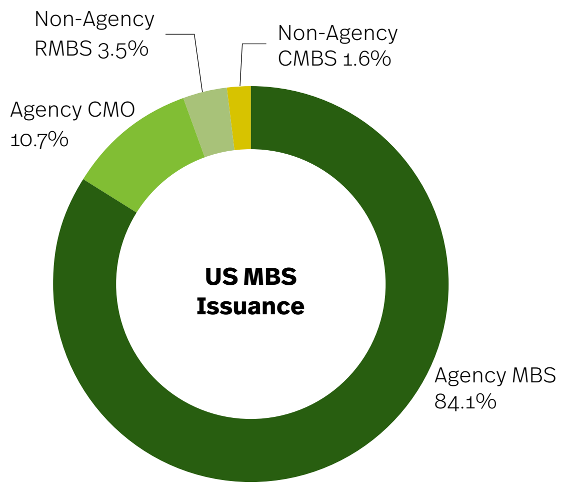

US Corporate Bonds Issuance
Private Placement 10.6%
Convertible 0.02%
HY 22.9%
IG 66.4%

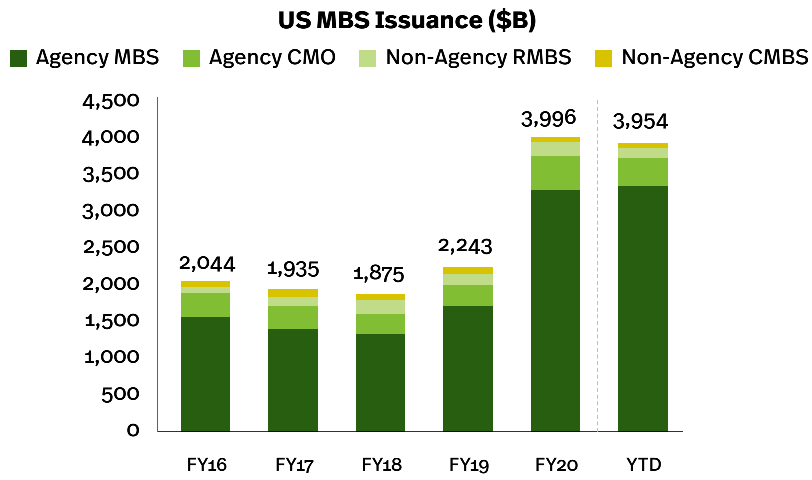

US Corporate Bonds Issuance ($B)
IG
HY
Private Placement
Convertible
2,500
2,000
1,500
1,000
500
0
1,553
1,676
1,376
1,423
2,282
1,868
FY16
FY17
FY18
FY19
FY20
YTD


US Corporate Bonds Issuance
Other 16.4%
Telecommunications 3.8%
Retail 4.5%
Healthcare 5.6%
Industrials 6.8%
High Technology 8.3%
Energy and Power 11.4%
Financials 43.2%









Sources: Bloomberg, Federal Reserve Bank of New York, FINRA, Municipal Securities Rulemaking Board, Refinitiv, US Agencies, US Treasury, SIFMA estimates (as of October 2021)

Outstanding

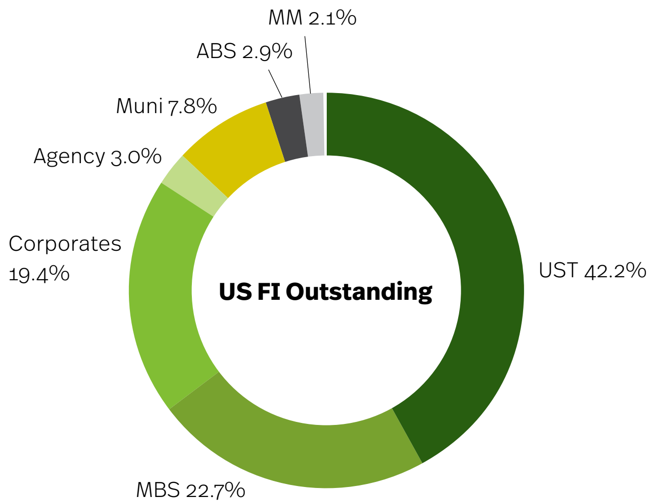
Total fixed income outstanding was $50.1 trillion in 2020, +13.7% Y/Y, and $51.5 trillion YTD 2021 (through June), +5.8% Y/Y. Outstanding has grown at a +5.7% CAGR over the last five years.

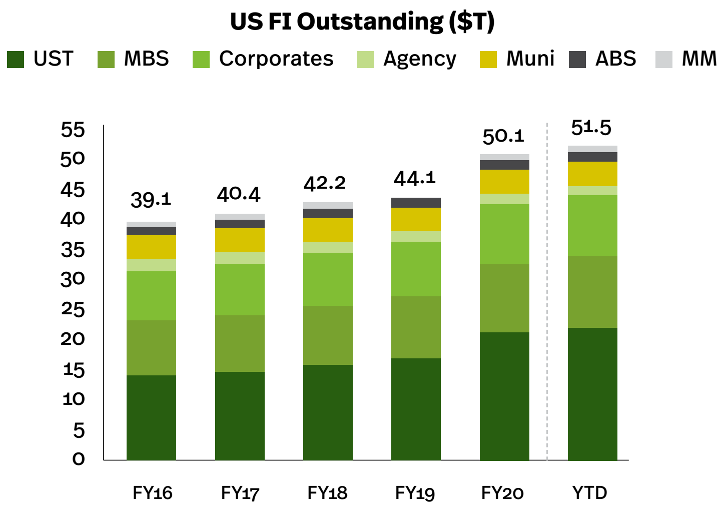
U.S. Treasury outstanding was $21.0 trillion in 2020, +25.8% Y/Y, and $21.7 trillion YTD 2021 (through June), +9.2% Y/Y. Outstanding has grown at a +9.7% CAGR over the last five years.

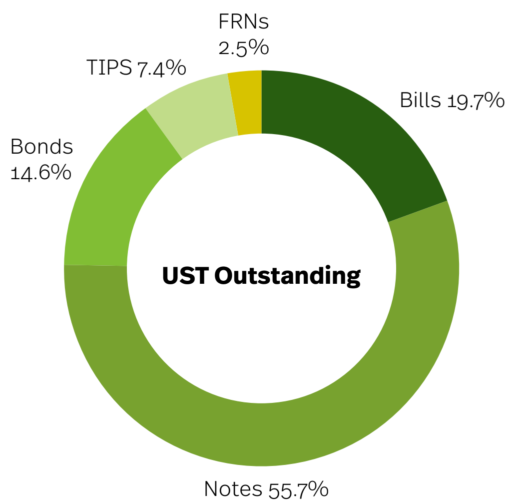
Corporate bonds outstanding was $9.8 trillion in 2020, +10.0% Y/Y, and $10.0 trillion YTD 2021 (through June), +2.6% Y/Y. Outstanding has grown at a +5.0% CAGR over the last five years.

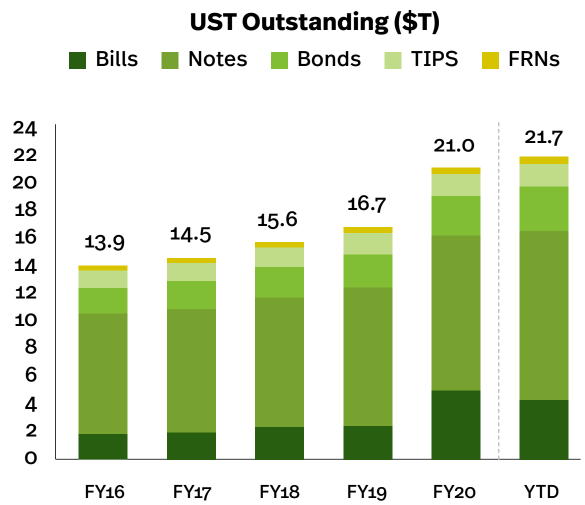
Municipal bonds outstanding was $4.0 trillion in 2020, +2.2% Y/Y, and $4.0 trillion YTD 2021 (through June), +2.7% Y/Y. Outstanding has grown at a +0.6% CAGR over the last five years.

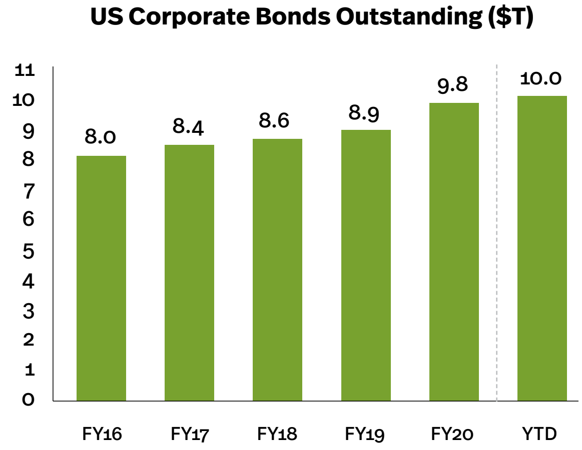
MBS outstanding was $11.2 trillion in 2020, +9.6% Y/Y, and $11.7 trillion YTD 2021 (through June), +9.1% Y/Y. Outstanding has grown at a +4.7% CAGR over the last five years.

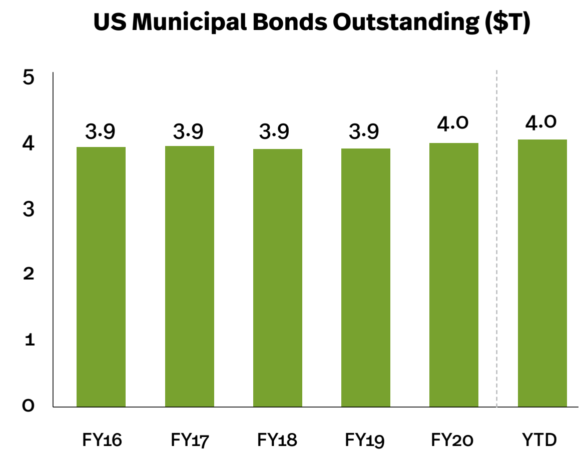


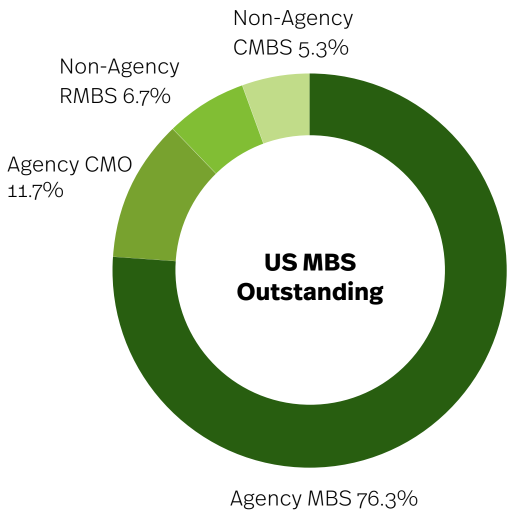


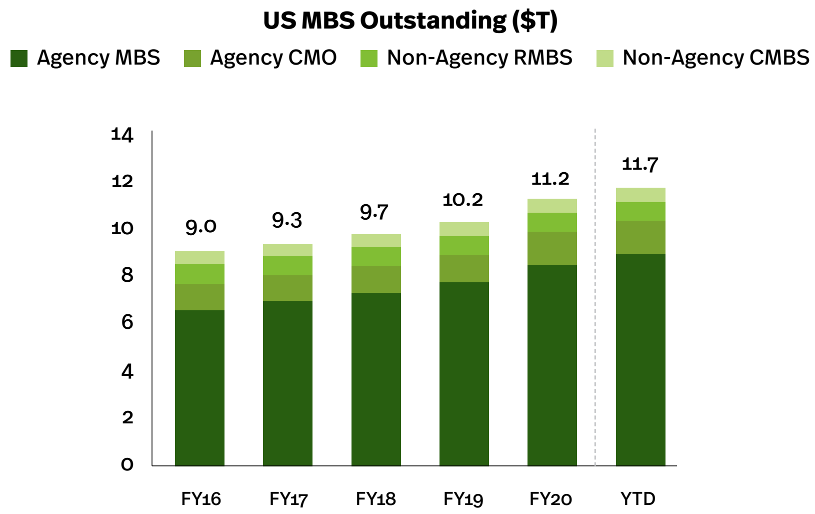












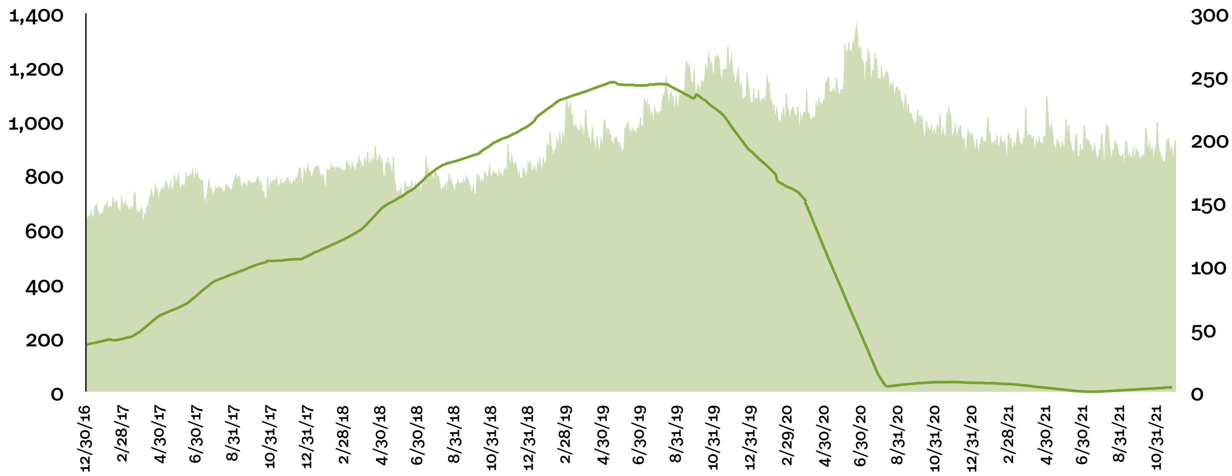
Source: Refinitiv, Bloomberg, New York Federal Reserve, The Federal Reserve, US Agencies, US Treasury, SIFMA estimates (as of June 2021)

SOFR Transition

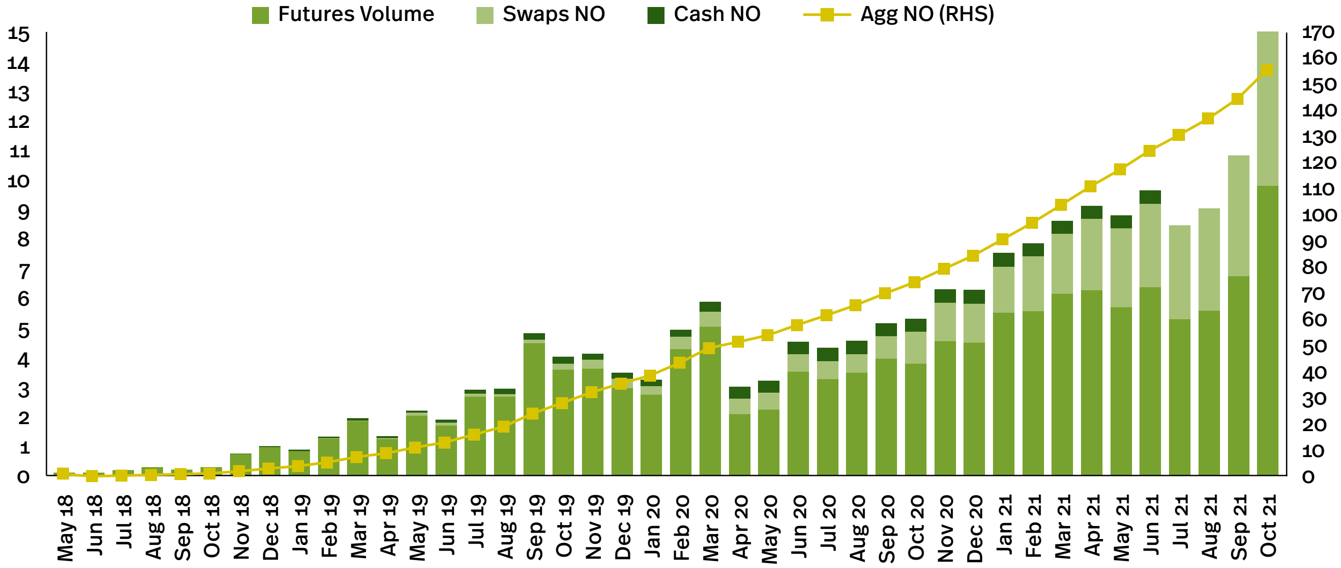
In the U.S., the transition continues from the London Interbank Offered Rate (LIBOR) to the alternative interest rate benchmark, the Secured Overnight Financing Rate (SOFR). SOFR is based on the overnight repo markets, moving the reference rate from being based on around $1 billion transactions per day (the most active tenor of LIBOR, three months) to the repo market with around $1 trillion transactions per day. Publication of the SOFR rate began in April 2018, with trading and clearing of SOFR-based futures and swaps starting in May 2018.

As of October 30, the SOFR rate was 4.9 bps (90 day rolling average). Fed data puts volumes at $847 billion. Market volumes (as of August 2021) stand at $6.3 trillion for futures contracts, with an aggregate notional outstanding of $136.5 trillion for all SOFR related products.

Historical SOFR Volumes & 90-Day Rolling Average RAte



SOFR Linked Product Growth Since May 2018 Inception ($T)



Source: Rate = NY Fed, linked products = ARRC, CME Group, ICE, LCH, cash not available starting Jul'21 (as of October 2021)

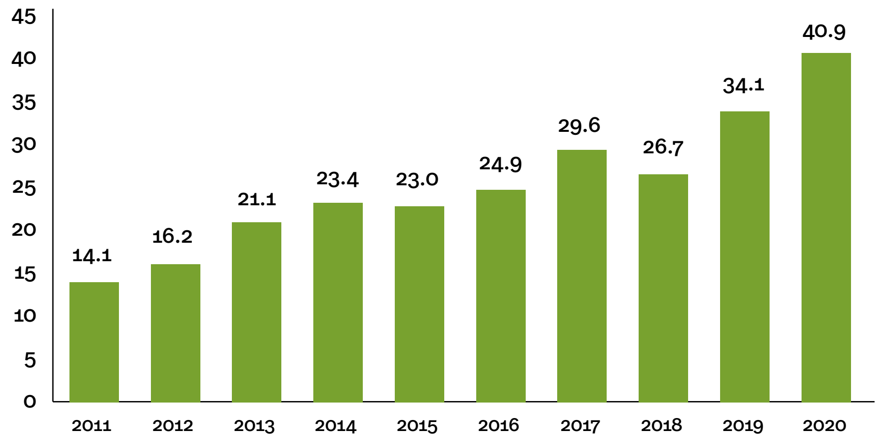
Private Wealth Management

Stock Ownership

According to the Federal Reserve, 53% of households in the U.S. own stocks (or 68 million households, as of 2019). This figure shows stock ownership is greater than 1% of income earners, which is estimated at 1.3 million households. Fed data also states the median value of a households stock holdings is $40,000, representing 55% of total average household financial assets.

Households represent 37.7% of total equity holders in the U.S. The next largest holder group is mutual funds, and individual and household ownership of mutual funds was at 45.5% as of 2019. ETFs come in at 6.4% of total equity holders, with 8% of U.S. households owning ETFs. Private pensions hold 5.4% of total equities.

U.S. Household Equity Ownership ($T)



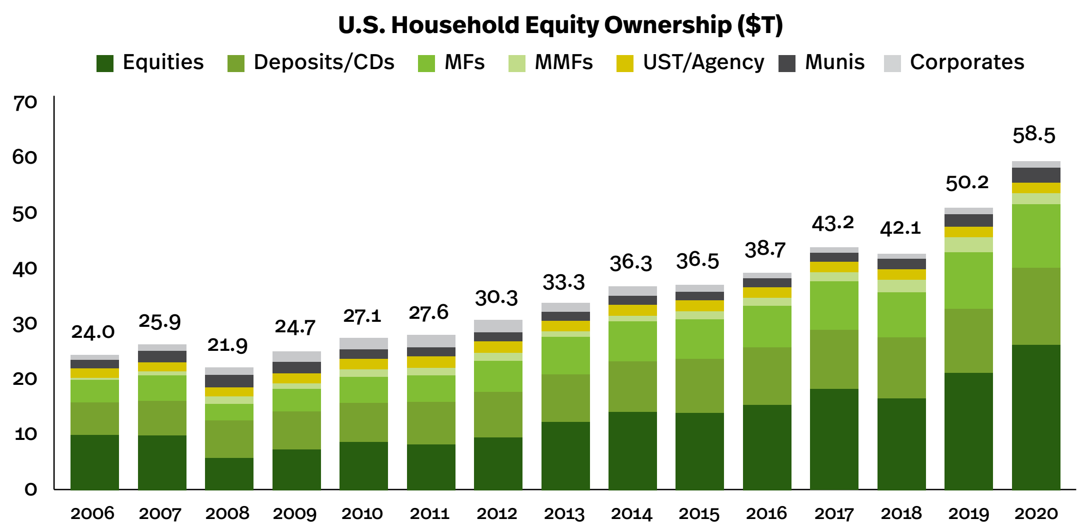
Source: The Federal Reserve - Financial Accounts of the United States

Note: Household sector includes nonprofit organizations; includes both directly and indirectly held equities (i.e. through mutual funds).

US Household Liquid Assets

U.S. households own 58.5 trillion in liquid assets. This is a 16.7% year-over-year increase, or a 8.6% CAGR over the last five years. Asset ownership for 2020 is broken out by:

- Equities $25.9 trillion, 44.2% of total
- Bank Deposits/CDs $13.7 trillion, 23.4% of total
- Mutual Funds (MF) $11.2 trillion, 19.2% of total
- Money Market Funds (MMF) $2.6 trillion, 4.4% of total
- U.S. Treasury (UST)/Agency/GSE Securities $2.0 trillion, 3.4% of total
- Municipal Bonds (Munis) $1.9 trillion, 3.3% of total
- Corporate Bonds $1.2 trillion, 2.1% of total



Source: The Federal Reserve - Financial Accounts of the United States

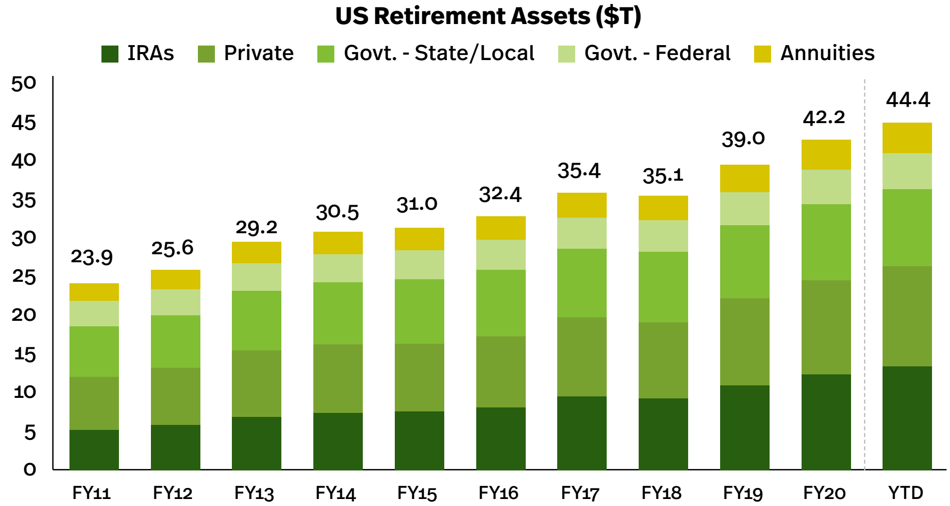
Note: Households include nonprofit organizations. Liquid financial assets exclude pension fund reserves, equity in non-corporate business, etc.

Retirement Assets

According to market research firm Cerulli Associates, individual investors[1] hold $7 trillion with securities firms, with an average relationship size of $150,000. There are over 34 million households with between $100,000 and $1,000,000 in investable assets, representing 27% of the U.S. population. These investors control nearly 21% of investable assets in the U.S., over $11.6 trillion. 78% of individual investors report using a professional financial advisor.

The Federal Reserve reports that there are $44.4 trillion of total retirement market assets in the U.S., broken out across the following categories (as of June 2021):

- IRAs, 29.8% ($13.2T)
- Private pensions, 28.8% ($12.8T)
  - Defined contribution plans, 70.9% of total pensions or $9.1T
  - Defined benefit plans, 29.1% of total pensions or $3.7T
- State and local government pensions, 22.2% ($9.9T)
- Federal government pensions, 10.3% ($4.5T)
- Annuities, 8.8% ($3.9T)
- Financial institutions further help investors purchase individual stocks or other securities, such as mutual funds ($21.5 trillion market) and ETFs ($6.5 trillion market)



Source: Federal Reserve Flow of Funds Accounts, SIFMA estimates (as of June 2021)

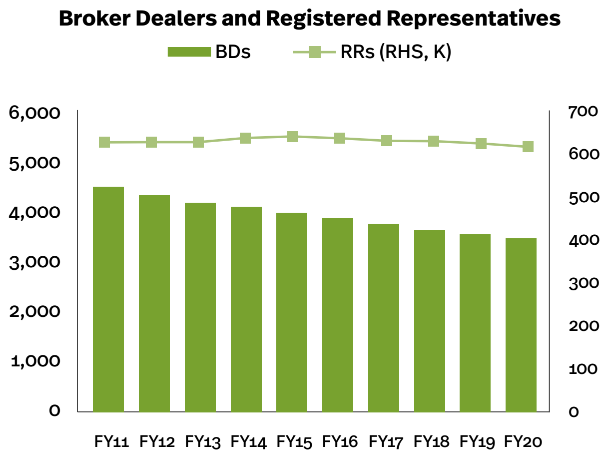
Note: Pensions includes defined benefit and defined contribution plans held by private individuals; 403 plans are included in private pensions

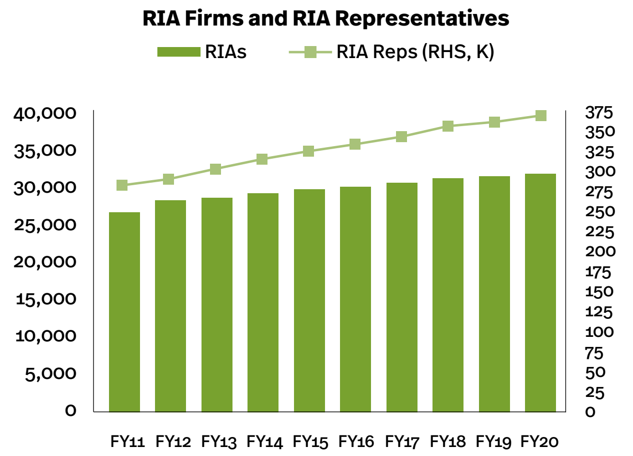
[1] As of 2020. Households with $100,000 to $1 million of investable assets

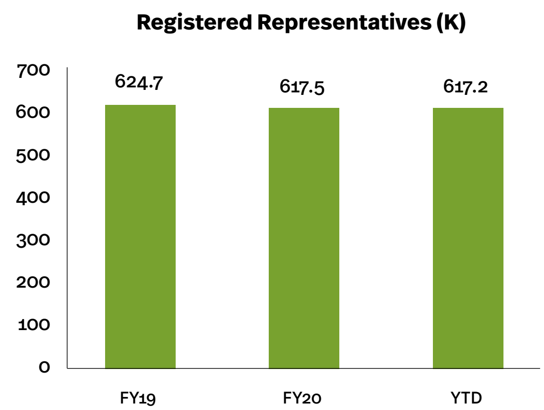
FINRA-Registered Firms and Registered Representative

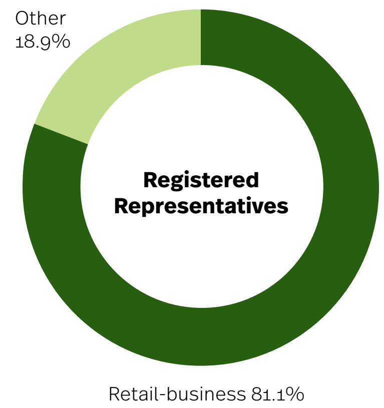
Financial institutions pool their employee talent and product offerings to help individual investors, governments and corporations manage their money. This includes: managing individual investor retirement accounts; providing investment advice; overseeing corporate and government retirement plans; and many other offerings.

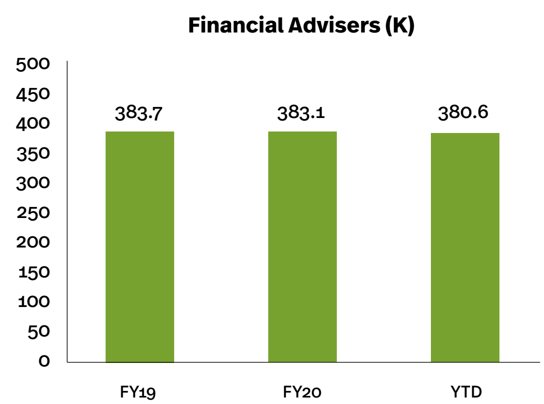
- 3,435 firms; -2.3% Y/Y, -2.7% 5-year CAGR
- 167.5 thousand registered reps; -1.1% Y/Y, -0.7% 5-year CAGR
- 31,393 RIA firms; +1.1% Y/Y, +1.4% 5-year CAGR
- 369.1 thousand RIA reps; +2.2% Y/Y, +2.5% 5-year CAGR











Source: Discovery Data, FINRA, SIFMA estimates (YTD as of November 2021)

Note: Counts include dually-registered firms and reps

Market Resiliency

SIFMA's priority, on behalf of our members and the clients they serve, is to support the continued resiliency of our capital markets and to help the industry remain vigilant against cyber threats.

The pandemic has highlighted the importance of technology at the forefront of to the financial services industry and brought about changes many would have once considered unthinkable – transforming how firms, advisors, clients, managers and employees work. It has allowed the industry to continue to innovate how it communicates and has provided clients with new ways to consume information. Technology continues to help the industry advance its business practices and improve client services. However, as firms deploy new technologies, they remain focused on making sure markets remain resilient and client information is protected. Today, business continuity planning, cybersecurity and operational resilience remain among the top agenda items in board rooms across the industry.

SIFMA leads projects to help members secure their businesses against cyber and other threats and plays a key role in planning for how the financial industry would respond to any future disruptions, promoting a safer and more resilient marketplace.

Navigating the New Normal

The coronavirus era has been both heartbreaking and tumultuous, with an astounding loss of life. While we are hopefully turning a corner, we still have infections, hospitalizations and deaths – albeit far less today than previously experienced.

In addition to the human tragedy of COVID-19, the pandemic presented the ultimate stress test of operational resiliency for our industry. By the second week of March 2020, the industry began its dramatic shift to remote working. Ultimately, at its peak, more than 90% of the industry workforce would go remote. Playbooks and planning made that transition work better than many expected.

Compounding operational and logistical issues both in the U.S. and abroad, the initial government responses at the federal, state and local levels sent shockwaves through the economy and markets. Putting the economy in a coma to address a grave public health crisis, as one prominent economist noted, impacted investor confidence and led to unprecedented market volatility and volumes. However, the markets never closed but ultimately cleared and returned to normal. This was achieved through a combination of necessary government intervention to backstop liquidity and restore confidence as well as industry resiliency to ensure normal operations. Likewise, while volatility was extreme, no banks failed and, to the extent balance sheets were constrained, it was the result of regulatory requirements as acknowledged by government action.

As the industry went remote, SIFMA and its members worked with our regulators to develop contingencies to maintain operational efficiency and compliance with various rules and processes impeded by the pandemic related shutdown, such as branch inspections, vault counts and even mail delivery. One trading desk suddenly turned into one hundred – and in some cases, many, many more.

The success of the industry's response to the COVID-19 pandemic underscores the importance and value of business continuity planning. The industry training, advance planning, exercises, and drills–all the pieces that have been in place over many years – help to mitigate risk when the extraordinary events inevitably occur.

As the nation and world have begun to move beyond the pandemic, industry efforts have shifted to returning to office. While this effort began in earnest in the fall of 2020, it is not without fits and starts particularly as we react to new variants of the virus. Through on-going communication and coordination with operations, human resource, compliance and other industry personnel SIFMA has sought to be a clearinghouse of information as our members seek to return to normal operations in a way that puts health of the employees first. In addition, we continue to engage our regulators on how to adjust current policies, procedures and protocols to meet a new working landscape that will certainly include some permanent form of remote working and also recognize and change outdated protocols. We must also continue to address an evolving regulatory agenda, one that we expect will continue to grow over the next few years.

As we look forward to what will be a very robust agenda over the next few years, impacting many products, sectors and operations, we can be confident that our industry is planning to be prepared.

Cybersecurity

www.sifma.org/cybersecurity

Cyberattacks didn't stop during the pandemic. Rather, they increased. From WannaCry to SolarWinds, attacks have gotten bolder and their threat has grown higher. However, industry-wide efforts over the last decade have also evolved and grown to build effective cyber defenses.

Cybersecurity is a top priority. The financial industry works tirelessly to secure customer assets and information, and the efficient, reliable execution of transactions within markets. On behalf of the financial industry, SIFMA's seeks to:

- Promote enhanced regulatory harmonization to encourage a more effective allocation of cyber resources;
- Promote a robust industry-government partnership grounded in information sharing;
- Design exercises and industry tests to improve protocols for incident preparedness, response and recovery; and
- Use the lessons learned to refine industry best practices, including for managing insider threats, third party risk; penetration testing and data security, including secure data storage and recovery.

Select Cybersecurity Workstreams

Cross-Sector Coordination to Enhance Response & Recovery
Since 2011, SIFMA has conducted a series of biennial industry-wide Quantum Dawn cybersecurity exercises. The exercises enable financial institutions and the sector as a whole to practice and improve coordination with key industry and government partners - synchronizing response and recovery playbooks across financial firms, SIFMA and U.S. Treasury - in order to maintain financial markets operations in the event of a large-scale cyber-attack. Since 2019, the scope of the exercises has expanded to include perspectives from international regulators and sector organizations in the UK, Europe, Canada, and Asia.

In November 2021, SIFMA held the sixth exercise in the series, Quantum Dawn VI. The focus of this exercise was ransomware recovery plans, exploring how the industry would respond to a globally targeted ransomware attack impacting multiple financial institutions and regulatory authorities around the globe, resulting in the loss of sensitive information and the disruption of key services. It also provided participants with best practices and guidance on how to respond and recover from a ransomware attack with expert perspectives from bringing in legal, law enforcement, cyber insurance and other experts. The next exercise in the series will be held in Fall 2023.

Industry-Led Data Protection Collaboration
The SolarWinds and Microsoft incidents highlighted the need for greater collaboration between industry, regulators, and government agencies to ensure transparency and timely disclosure of data breaches in the private and public sector. The goal is to improve the protection of sensitive financial and regulatory data held by industry participants or the government. In light of concerns raised by financial firms, the Financial Services Sector Coordinating Council (FSSCC) Working Group is focused on this issue working across sectors to develop joint solutions.

Best Practices for Insider Threats
For the last decade, SIFMA has hosted quarterly Insider Threat Forums to share information among industry participants on the best practices in identifying and protecting against insider threats. As threats evolve, so have the industry's response capabilities, through advancements in the use of anomaly detection and big data techniques. SIFMA also works with members to understand issues shaping the development of insider threat programs such as, privacy issues including restrictions on employee surveillance, the use of automated decision-making tools, and legal and practical barriers to performing employee background checks.

Partners in Penetration Testing
Since 2017, SIFMA has been leading a global effort to work with financial firms and regulators around the world on a collaborative approach to penetration testing a firm's cybersecurity defenses and to identify vulnerabilities. SIFMA has published, guidance on principles and best practices for financial firms and regulators to follow, which ultimately led to the development the globally harmonized threat-led penetration testing environment that exists today.

Business Continuity Planning

www.sifma.org/bcp

SIFMA and its member firms are dedicated to preparing for the risk of potential disruptions to at both the firm and broader market levels. SIFMA plays a key role in coordinating the industry's response to incidents that can interrupt business and market functions and works to support firm-level BCP planning as well. Financial services is a critical infrastructure sector as identified by the U.S. Department of Homeland Security.

Industry-Wide Business Continuity Test
The industry-wide business continuity test is a critical exercise that highlights our industry's ability to operate through a significant emergency using backup sites, recovery facilities and backup communications capabilities across the industry. The test is supported by all major exchanges, markets and industry utilities. It involves test transactions for commercial paper, equities, options, futures, fixed income, settlement, payments, Treasury auctions and market data. SIFMA also facilitates a coordinated Reg SCI testing program which is completed in parallel with the SIFMA industry test. The test occurs on the same day as futures market testing coordinated by the Futures Industry Association (FIA), and on alternate years with Canadian market participant test through the Investment Industry Regulatory Organization of Canada (IIROC).

The industry successfully completed the 2021 test on October 23; the 2022 test will be held on October 15, 2022.

Emergency Crisis Management Command Center
In the event of an industry-wide incident, SIFMA convenes market participants; issues market close recommendations; and coordinates with market infrastructure providers, regulators and emergency personnel including the U.S. Treasury, New York City Office of Emergency Management, law enforcement and more.

SIFMA organizes market response committees for the fixed income and equity markets to deliver an industry perspective in the event of disruptions to market infrastructure which may make unscheduled market closes or changes to settlement convention necessary. The committees have developed principles and objective decision-making processes that recognize the significant improvements the industry has made with respect to business continuity and the expectations of regulators. These principles also reflect expectations for strong resiliency plans of critical financial market infrastructure and financial institutions. For fixed income, the committee has developed procedures to determine if it necessary for SIFMA recommend an unscheduled close in U.S. fixed income markets.

Shortened Settlement Cycles

www.sifma.org/shortening-settlement-cycle

Enhancing our securities settlement process is critical to the continued resiliency of our markets and market operations.

U.S. equity market trades currently settle two business days after the trade is executed (T+2). Following on our successful work to move the industry from T+3 to T+2, SIFMA, the Investment Company Institute (ICI), and The Depository Trust & Clearing Corporation (DTCC) are collaborating on efforts to accelerate the U.S. securities settlement cycle from T+2 to T+1, a process which should be completed in the first half of 2024.

Why this massive undertaking? T+1 settlement cycle will mitigate settlement risk well beyond what was achieved under T+2. In addition, a move to T+1 will increase settlement efficiencies and improve the use of capital, especially in periods of high volatility, for instance as seen during the particularly volatile periods in March 2021.

Moving forward on both the integrated settlement model and moving to a T+1 settlement cycle will be a substantial undertaking requiring broad industry actions. In 2021, the organizations conducted an analysis and outlined key steps to shorten the cycle to T+1, identifying priority issues that must be addressed and conducting the necessary due diligence and resolution of these critical issues. Now, we are executing on a plan to undertake developing the plan outlining the necessary steps and timeframes to move the industry to T+1. We will work closely with the U.S. Securities and Exchange Commission to adopt necessary changes including an amendment to the Settlement Cycle Rule (Rule 15c6-1(a)) under the Securities Exchange Act of 1934.

The History of Settlement Cycles

Manual Transactions		Electronic Transactions		
Pre-1975 Seller/Buyer Discretion	**1975** T+5	**1993** T+3	**2017** T+2	**2024** T+1

Policy Viewpoints

The historic success of U.S. capital markets has been bolstered by a regulatory framework focusing on investor protection, transparency, safety and soundness. The U.S. market regulatory structure was first put in place over 85 years ago; Congress and policymakers have continually reviewed and supplemented it to keep pace with market and technological developments and a changing national and global economy.

At SIFMA, we believe that public policy and financial regulation should support these key tenets:

- Ensure high standards of market integrity and investor protection
- Encourage pools of capital through private and public pensions
- Promote financial literacy and a strong retail investor culture
- Calibrate supervision and regulation with robust capital formation and growth

What follows are our viewpoints on just some of the key issues facing the capital markets and financial industry today. To learn more about these and other topics, visit www.sifma.org/issues.

Financing Sustainability

www.sifma.org/sustainable-finance

The need to finance a path to a sustainable future has never felt more urgent. It is estimated that $60 trillion is needed to meet the seventeen Sustainable Development Goals outlined by the United Nations. No single entity can achieve these goals alone.

Responsible investment is an approach to investment that explicitly acknowledges the relevance of environmental, social and governance (ESG) factors to the performance and profitability of investment and to the long-term health and stability of the market as a whole. It recognizes that the generation of long-term sustainable returns is dependent on stable, well-functioning and well governed social, environmental and economic systems.

ESG is increasingly shaping the way both individual and institutional investors choose to engage with companies and thus impacting how companies do business around the world. As investors have aligned their investments with their values, brokerage firms and mutual fund companies have significantly increased their offerings of exchange-traded funds (ETFs) and other financial products to support investor and client needs. Inflows into sustainable investment funds have outpaced all flows and, importantly, investors increasingly believe that sustainable investments offer greater returns than conventional investing.

Climate Finance

Climate change is but one element of a sustainable future but poses significant economic and financial risks to the global economy. Efforts to mitigate against these risks and adapt to the changing climate will require a fundamental transformation of our global economy. The climate finance market structure must grow at an unprecedented scale, speed, and geographic scope, and this will require concerted and coordinated action by all stakeholders–the public sector, the real economy sectors, the financial sector, and the social sector.

In coordination with our global affiliate, GFMA, and member firms, SIFMA has provided a roadmap for how to accelerate the evolution of climate finance and define the roles capital market participants can play to facilitate this transition. Taken together, the recommendations enable the development of the climate finance market to grow to the $3-5 trillion+ of investment per year we estimate will be required to achieve the ambitions set out in the Paris Agreement. The banking and capital markets sector plays a critical role in this transformation as an intermediary between the supply and demand for capital–as a lender, arranger, and investor. Success in mobilizing both public and private capital by the sector to finance climate transition pathways will only be achieved by a holistic, complementary set of actions taken by the public sector, the social sector, the real economy, and the broader financial sector at an accelerated pace and large scale.

Moving to a Low-Carbon Economy

The transition to a low-carbon economy is critical to the fight against climate change. The financial services industry has been active on climate priorities for decades, helping clients reduce emissions and developing new business models. SIFMA, as a member of the U.S. Climate Finance Working Group, has published principles for a U.S. Transition to a Sustainable Low-Carbon Economy. The principles, developed in coordination with 10 other leading financial services trade associations representing the perspectives of banks, investment banks, insurers, asset managers, investment funds, pension funds and other financial intermediaries, build from that experience to create a useful policy framework for the transition to a low-carbon economy.

Scaling deep and liquid carbon markets will significantly accelerate carbon reduction. SIFMA's global affiliate, GFMA, has published a report, Unlocking the Potential of Carbon Markets to Achieve Global Net Zero. The report finds that close to 80% of greenhouse gas emissions are not covered by regulated carbon pricing today. In order to meet the Paris Agreement goals, price levels need to increase to an estimated $50-150/tonne average by 2030 from the current global average of <$5/tonne. To do this, the report highlights the role and importance of both compliance and voluntary carbon markets to the low-carbon transition.

Our Work Ahead

Today, SIFMA, SIFMA's Asset Management Group and GFMA are engaged in discussions around the global on a multitude of issues including:

- How can we incentivize capital to move into those areas that need to transition?
- How can global guiding principles be used in the development of climate finance taxonomies? How to ensure that climate taxonomies are consistent, common, and comparable? What disclosures may be required?
- What should we consider for our rapidly changing regulatory and legislative agendas?
- How can we encourage participation in important collective efforts including the Net Zero Asset Managers Initiative and Net Zero Banking Alliance?

Much work lies ahead. Through it, our industry has the power to help set the world on the path to a sustainable future.

Transitioning from LIBOR

www.sifma.org/libor

The financial industry and global regulators are transitioning from the London Interbank Offered Rate (LIBOR) to more robust alternative reference rates. LIBOR is the most commonly used benchmark for short-term interest rates, often referenced globally in derivative, bond and loan documentation. It is estimated that $223 trillion of financial contracts and securities are tied to USD LIBOR and that matters to everyone – small businesses, corporations, banks, broker dealers, consumers, and investors. The transition from LIBOR to alternative interest rate benchmarks is well underway, but much work lies ahead.

LIBOR is referenced by approximately $223 trillion of financial products. Today's LIBOR is informed primarily (and sometimes entirely) by "expert judgement" from estimates of transactions, not actual transactions. As a result, LIBOR doesn't necessarily reflect the true cost of bank funding and is vulnerable to volatility and manipulation. Global regulators saw the problem with placing the foundation for global financial markets on such a construct nearly a decade ago, and they began to examine how more robust alternative reference rates could be identified or developed to replace LIBOR. As such, the regulatory community continues to believe that LIBOR is not a suitable rate and market participants must transition to alternative reference rates.

LIBOR Will End, Have No Doubt

LIBOR is ending, make no mistake about it. Most non-U.S. Dollar LIBOR tenors will cease on December 31, 2021. For U.S. Dollar denominated LIBOR, which includes the largest and most important tenors of LIBOR, cessation will occur on June 30, 2023. Federal banking regulators have issued guidance that regulated entities should cease executing new LIBOR transactions by the end of 2021 and expeditiously transition existing contracts to new reference rates, noting that "the agencies believe entering into new contracts that use USD LIBOR as a reference rate after December 31, 2021, would create safety and soundness risks and will examine bank practices accordingly" and have reiterated the "intense" supervisory focus on this issue. This regulatory posture has been echoed in the U.K and Europe and regulators are demanding in no uncertain terms that their regulated institutions move away from LIBOR this year. In October, the five federal financial institution regulatory agencies issued a joint statement to emphasize expectations that supervised institutions with LIBOR exposure continue to progress toward an orderly transition away from LIBOR. They noted, "failure to adequately prepare for LIBOR's discontinuance could undermine financial stability and institutions' safety and soundness and create litigation, operational, and consumer protection risks."

The Uptake on SOFR

Through the Alternative Reference Rates Committee (ARRC), the Federal Reserve Board and New York Federal Reserve gather over 300 institutions, including SIFMA, to work on issues including legacy transactions, implementation of robust fallback provisions, and development of term rates in support of a successful transition to alternative reference rates. In 2017, the ARRC issued a recommendation that the Secured Overnight Financing Rate (SOFR) would be the preferred, robust alternative to LIBOR. SOFR is a fully transaction-based rate, referencing the previous day's activity in the repurchase markets. SOFR is based on approximately $1 trillion of daily transactions from a wide range of market participants and is administered by the New York Fed. SOFR is, by intent and construction, a reliable and representative indicator of market interest rates; it is published on a daily basis by the New York Fed. The ARRC followed this milestone with the development and publication of numerous recommendations, guidance documents, and reference materials to promote a steady progression towards a successful transition away from LIBOR in line with its Paced Transition Plan, which lays out goals and milestones for this important work. The market has broadly accepted this work, as shown by the usage of ARRC-recommended fallback language in new transactions, the issuance of significant amounts of debt referencing SOFR and the execution of trillions of dollars of SOFR-based swaps and futures contracts.

Federal Legislation for Tough Legacy Problems

SIFMA believes federal legislation is necessary to facilitate a smooth transition away from LIBOR for "tough legacy" contracts to an alternative reference rate. There are currently trillions of dollars of existing contracts and instruments that, as a practical matter, cannot be amended to utilize an alternative rate. SIFMA is supportive of federal legislation aligned with recommendations from the ARRC to address these situations where contracts cannot be easily transitioned from LIBOR due to legal or regulatory reasons. We believe such legislation would benefit all market participants including LIBOR's end users, who range from investors to companies to consumers. The legislation would provide four key benefits: (1) certainty of outcomes; (2) fairness and equality of outcomes; (3) avoidance of years of paralyzing litigation; and (4) preservation of liquidity and market resilience.

Improving Capacity and Resiliency in US Treasury Markets

www.sifma.org/treasury-market-structure

Recent events highlighted longer-term structural questions in the Treasury markets, particularly the growing mismatch between the volume of Treasury issuance and the capacity of the system to intermediate the trading of those instruments. How Treasury market liquidity can be maintained, even during periods of stress, is the subject of significant study and debate.

U.S. Treasuries are debt instruments issued by the U.S. government to finance its activities. Owing to the United States' creditworthiness and status as the world's leading economy, the U.S. Treasury market (comprised of the cash market as well as the repurchase agreement ("repo") and futures markets) has been described as the "biggest, deepest and most essential bond market on the planet." Investors view Treasuries historically as risk-free or near-cash assets i.e., assets that retain their value and can be easily sold during both normal and stressed market periods. Unsurprisingly then, Treasuries have tended to be viewed as safe havens for investors during market crises. Owing to their stability, U.S. Treasuries also often serve as benchmarks for other fixed-income securities and hedging positions; as a result, U.S. Treasury yields have an impact on the rates that consumers, businesses, and governments across the globe pay to borrow money. In addition, the U.S. Treasury repo market is a key transmission mechanism for U.S. monetary policy, and vital to the liquidity of the cash Treasury market. Put simply, the U.S. Treasury market is a bedrock of the global financial system.

The resiliency of the Treasury markets has been called into question by a series of market disruption events in which market price volatility increased dramatically and/or where the depth of the market (i.e., the amount of liquidity available) decreased precipitously. These include the "Flash Rally" in October 2014, stresses in the Treasury-backed repo markets in September 2019, and the "Dash-for-Cash" in March 2020. While these events have differed in their scope and magnitude, collectively they have highlighted a variety of underlying structural problems in the Treasury markets. This has led to calls for reforms.

Emerging Policy Proposals

Although by no means exhaustive of the ideas circulating in public debate around Treasury market reform, it does seem that there are four broad categories of reform currently being debated. These are:

1. Greater use of centralized clearing and "all-to-all" trading platforms;
2. Expanded access to the Federal Reserve's recently created standing repurchase ("repo" facility ("SRF")
3. Changes to banking regulation (such as reform of the SLR requirement), and
4. Improved data and disclosure by market participants.

While each of these approaches have been discussed on a standalone basis and most had been suggested prior to the market events in March and April 2020, some have argued that these reforms ought to be considered holistically as a single package.

Some of the reforms appear more feasible to implement than others; for example, modifications to the Supplemental Leverage Ratio (SLR) would be relatively straightforward. In regard to central clearing, it appears that the relative benefits in the repo market are greater than in the dealer-to-customer cash market. Mandating central clearing in the cash market could impede market functioning and diversity while simultaneously failing to provide the same capacity benefits that are seen in the repo market.

Twin Goals for Reforms

What is certain is that more study is needed to determine the impact of many of these proposals, both individually and collectively, on the Treasury markets. Moreover, we are likely to see other reform ideas emerge over the coming months as the FSB, U.S. Treasury, and others continue to study recent events and collect data on the markets.

The goals of any reforms in the Treasury market should be to enhance the liquidity resiliency in the market and to increase the market-making capacity of market participants in order to meet the growing demand for, and supply of, Treasury securities. These twin goals must be top-of-mind as policymakers and market participants assess the costs and benefits of any reforms.

Ensuring Deep and Liquid Equity Markets

www.sifma.org/equity-market-structure

There has never been a better time to be an investor. The U.S. equity markets continue to be among the deepest, most liquid and most efficient in the world, with investors enjoying narrow spreads, low transaction costs and fast execution speeds. Investors also benefit from zero commissions which has helped to democratize the equity markets by providing access to new investors as evidenced by the growth in retail trading. Not only do retail investors benefit from inexpensive access to the markets, but they also enjoy price and size improvement when compared with the National Best Bid or Offer (NBBO).

Efficient and resilient market structure is key to sustaining investor confidence and participation in the equity markets. Equity markets are the public face of finance and are often seen as a barometer of the overall health of the economy. In that sense, a thriving market for new issues of publicly offered equity securities, including the initial public offering (IPO) market and direct listings, is perhaps the most direct and tangible evidence of an economy where new businesses have confidence in their future prospects. Businesses most often seek to access a larger pool of public capital to allow for the next stage of their growth and, ideally, job creation follows.

Why Market Structure and Liquidity Matter

Market structure can drive liquidity and trade costs. Therefore, market participants continually strive to create the most efficient markets. This includes adapting new technologies to achieve operational efficiencies, searching for new ways to transact and, generally, sculpting optimizing market structure to maximize efficiencies.

Market liquidity is the ability to efficiently buy/sell securities without causing a substantial change in the price of the asset and is important as it impacts trade costs and therefore affects returns to investors. When routing an order, whether directly to an exchange or to an executed off-exchange market center, firms balance the likelihood of execution against price/size improvement. Market makers exist to provide liquidity in securities and execute customer trades, playing an important role in equity market structure by enabling liquidity and balancing buy and sell demand.

Efficient and resilient market structure is key to sustaining investor confidence and participation in the equity markets. The evolution of equity market structure – including capital formation, market data and self- regulatory organization (SRO) structure – is a key priority for SIFMA.

As the U.S. Securities and Exchange Commission considers significant changes to equity and options market structure, we look forward to continued engagement on these issues to ensure we meet the shared goal of regulators and market participants: to promote market resiliency and ensure the U.S. equity markets continue to benefit investors and play an essential role in capital formation.

Some of the specific market structure regulations currently under discussion include:

- **Order Execution:** Order routing is the process by which an order goes from the end user customer through execution (or cancellation). It has become more complex in recent years due to the proliferation of execution venues. By law, brokers are obligated to provide best execution for their customers and must consider numerous factors as part of their rigorous best execution analysis.
- **Payment For Order Flow:** PFOF is generally understood as the practice of exchanges and market makers either directly or through exchange-sponsored programs providing payment to brokers in return for the brokers routing their customer order flow to them. PFOF is governed by several regulatory requirements that are designed to ensure investors receive best execution and transparency, including FINRA Rule 5310, SEC Rule 10b-10, and SEC Rule 606.
- **Short Selling:** The terms "short selling" or "shorting" generally refer to transactions whereby a person sells securities that they does not own. It is a critical tool used, for instance, by market makers to facilitate liquidity in the market. Many regulations currently govern short selling, including notably Rules 201, 203(b)(1) and 204 of Regulation SHO and SRO short interest reporting.
- **Securities Lending:** SIFMA is also actively engaged with the U.S. Securities and Exchange Commission on their proposed rule to increase transparency in the securities lending market, specifically by increasing the availability of information regarding securities lending transactions both to regulators and the public.
- **Net Capital Requirements:** Net capital is a measure of a broker-dealer's liquidity. Two notable SEC rules cover broker-dealer financial responsibility requirements: SEC Rules 15c3-1 and 15c3-3.
- **Buying on Margin:** Buying on margin means borrowing money from a brokerage firm to purchase a security. A "margin account" is a type of brokerage account in which the broker-dealer lends the investor cash, using the securities in the account as collateral, to purchase securities. Notable margin requirements include Federal Reserve Board Regulation T as well SRO rules, including the rules of FINRA.

Market Data Reform

Market data is information about current stock prices, recent trades, and supply-and-demand levels at national securities exchanges. Access to this information is essential to America's world-leading capital markets because retail investors and market professionals need the most complete and up-to-date market information possible to make informed investing and order routing decisions. Because exchanges control that information, they have enormous pricing power over the cost to access the data.

Market data reform should focus on promoting competition, supporting efficient markets, and providing a transparent and fair system for all investors. SIFMA has long argued that exchange market data fee increases are inconsistent with the exchanges' actual costs in collecting and distributing market data and thus constitute an excessive mark-up over costs. In August 2021, the SEC approved a new single national market system plan governing the public dissemination of real-time consolidated equity market data for national market system (NMS) stocks. Known as the CT Plan, this new plan consolidates the three current market data plans into a single plan to govern the distribution of equity market data, reducing duplication between the plans, and eliminating exchanges' conflicts of interest as operators of the SIPs by making other structural changes to the distribution of market data. In addition, the SEC in December 2020 adopted rules to modernize the infrastructure for the collection, consolidation, and dissemination of market data for NMS stocks. Modernization of this infrastructure has been a SIFMA priority for many years as it has not been significantly updated since its initial implementation in the late 1970s. The Market Data Infrastructure rule significantly expands the content of NMS market data to better meet the needs of retail and institutional investors in today's equity markets.

Helping More Americans Reach Their Financial Goals

www.sifma.org/retirement-savings-legislation

The U.S. capital markets are where people – individually and collectively through pension funds and mutual funds – invest their savings to seek a return. Working with our members in the wealth management space, SIFMA seeks to raise awareness of how financial advice and financial literacy programs can positively impact the financial health of Americans working to reach their financial goals, including purchasing a home, sending children to college and saving for retirement.

Research shows that a wide universe of Americans today own stocks. Federal Reserve data from 2019 shows 52.6% of Americans own stocks, or 65 million households and a Gallup poll conducted in March/April 2020 indicates this number may now be even higher at 55%. On the flip side, 2019 Federal Reserve data shows a median value of $40k for a household's stock holdings. This clearly tells us that many American families are invested in the market – but to address retirement needs these numbers should be higher, both in terms of account holdings and number of households.

Saving for Retirement

Helping Americans build savings for a secure retirement is among the most important roles of the U.S. capital markets. There is a significant amount of data showing that too many Americans struggle to save enough for retirement, and policymakers have long worried the U.S. is facing a looming retirement crisis. People are living longer, and certain sources of guaranteed retirement income that were relied on in the past, like pensions, are increasingly uncommon. The challenge is even greater for particular segments of the American population, including women, Black and Hispanic Americans as well as small business owners and those who work in the agricultural sector. Today, U.S. workers are increasingly relying on individually funded retirement plans, such as 401k's and IRA's. Defined contribution plans account for $7.4 trillion in assets, growing at a 7% compound annual growth rate over the last decade. Both through their employers and individually, Americans today are largely responsible for building their retirement accounts themselves. Over 56% of total retirement assets are individually funded through defined contribution retirement plans and IRAs.

SIFMA is committed to increasing retirement security for all Americans and has identified three primary pillars to reach this goal:

1. Expanding access to plans,
2. Increasing participation and decreasing leakage, and
3. Enhancing education.

SIFMA supports legislation including the *Securing a Strong Retirement Act of 2021 (SECURE Act 2.0) and the Retirement Security and Savings Act of 2021*, comparable bills which represent important steps toward enhancing the private retirement system and increasing retirement savings. Both include provisions to incentivize small business to offer retirement plans, expanding small business savings; enable older Americans to save more and hold on to their savings longer; and allow matching contributions for student loan payments.

With efforts such as these, we can boost retirement savings, enable Americans to save more, promote financial literacy and support a strong retail investor culture. Overall, the message needs to get out loud and clear – individuals of all income levels should be able to get started in investing, invest for the long-term, and consider working with a professional financial advisor for their financial health and stability.

The Move to Digitization

www.sifma.org/digitization

U.S. capital markets have continued to innovate as technology has allowed for profound evolutions in market infrastructure, changing at times the very nature of American financial markets. At the peak of the pandemic, more than 90% of the financial services industry worked remotely, accelerating digital adoption through intensified focus and transition on priorities evident before the pandemic. As move through, and hopefully beyond COVID-19, industry efforts have shifted to returning to the office and we expect the pace of change to only increase. Just some of the developments ahead include:

- **E-delivery:** As the industry moves toward further shortening the settlement cycle, e-delivery will only become more necessary, and we are engaging with the SEC to make it easier for market participants to make this transition.
- **Digital assets:** Digital assets are at a pivotal point in our industry. We expect the increasing consumer and regulatory interest in crypto and digital assets to lead to new products, rules and requirements for broker-dealers, banks, and asset managers.
- **Distributed ledger technology (DLT):** The potential benefit DLT could bring to the capital market ecosystem and infrastructure are a key topic of interest amongst market participants.
- **Shedding legacy systems and manual processes:** Financial services firms are embracing the cloud and other digital platforms to go paperless, increase operational efficiencies and speed to delivery.
- **Transforming the customer experience:** New capabilities are needed to anticipate customer expectations and better serve clients as they demand a more personal, immediate experience.

Modernizing the Delivery of Financial Communications

From health care explanations of benefits to income tax reporting, the trend toward electronic delivery is undeniable and for good reason: delivering materials electronically provides individuals with real-time, secure access to information in an environmentally-conscious manner.

SIFMA has long supported the electronic delivery of investor communications, including statements, confirmations, prospectuses and other disclosure documents. Investors from all demographics increasingly prefer to access information electronically making it easier to act on that information. Electronic delivery can also make information more accessible in other languages and in specialized formats for those with disabilities. For financial services, the interactive nature of electronic access via links and embedded information can make investor action and engagement easier and more likely to occur. In fact, studies have found that 401(k) participants who interact with their plans' websites tend to have higher contribution rates. It is important to note that paper communications would remain an option for those who choose or for those without reliable internet service.

Adopting Digital Assets

DLT and digital assets, such as security tokens, can offer new and cost-efficient methods of capital formation. However, operational challenges for those hoping to adopt this technology exist and there are areas where regulatory clarity would be helpful in addressing these challenges.

Security tokens are securities issued solely on DLT that satisfy the applicable regulatory definition of a security or financial instrument under local law and/or a token that represents on DLT underlying securities/financial instruments issued on a different platform, where such representation itself satisfies the definition of a security/financial instrument under local law.

SIFMA is working with our member working groups to determine and identify the activities, requirements, and considerations for market participants engaging in operationalizing security tokens. There are a number of issues across the lifecycle of a security to consider, some of which must be addressed by stakeholders and regulators for the market to fully develop. The goal is to embrace innovation that creates efficient market structures while still providing the same investor protections that we have built up over decades.

As the industry moves forward with the broader adoption of these assets and their supporting technology, SIFMA believes dialogue between industry participants and regulators will help support the further growth of the markets for the security tokens and the adoption of the technology that supports them.

Developing Cryptoasset Markets

There is a need and urgency for regulators to develop in the near term a clear regulatory framework for cryptoasset markets that strikes the right balance among innovation, growth and regulatory conservatism. SIFMA believe regulatory coordination - not only among prudential regulators but also between prudential and market regulators - is necessary to achieve this balance, to minimize market fragmentation and to help ensure bank uptake and competitive equity across the financial services marketplace. Ultimately, a properly balanced framework will help to ensure the capital markets will be able to continue to serve the needs of businesses and households as efficiently and comprehensively as possible.

We have urged the Basel Committee on Banking Supervision's to revise its consultative document on the prudential treatment of cryptoasset exposures to help realize the benefits that distributed ledger technology (DLT) can deliver across the real economy, to facilitate regulated bank involvement in cryptoasset markets and to provide an appropriately regulated and level playing field across the globe through use of the existing prudential framework. The benefits will be realized most widely and transparently when regulated banks, with a long history of existing customer relationships and experience with regulatory compliance standards relative to newer entities are able to play a meaningful role. The international coordination efforts will need to run parallel to the concurrent development and coordination of these regulatory frameworks in individual jurisdictions.

The Future of Work

www.sifma.org/the-future-of-work

Firms are thinking critically about the future of the workplace, with many already implementing hybrid or remote work arrangements for certain populations. There are benefits to such arrangements, including the ability to attract diverse talent by not being tied to a particular location and offering greater flexibility to manage work and personal obligations.

The securities industry operates in a highly regulated environment with rules governing the registration and supervision of office locations. Those rules are decades-old and were based on physical office locations. Even as regulators themselves have adapted successfully to remote working, there's a hesitancy among some to modernize the regulatory regime to accommodate a remote or hybrid workforce.

SIFMA believes regulators must collaborate with the industry to transition to a "new normal" and to address any concerns. Firms of all sizes were already in a years-long process of investing in and upgrading their technological and supervisory capabilities and have found that those investments also support a remote workforce while complying with regulations designed for investor protection.

The industry continues to see the value in in-person interactions, especially the camaraderie and culture-building it offers; however, SIFMA believes that different models can coexist. The industry should be able to adapt to the needs of customers and the workforce, have regulations that reflect the workplace of the future, and have face-to-face requirements as the business wants and the risks warrant.

More Issues

On behalf of our members, SIFMA works on a number of additional policy priorities that are critical to effective and resilient capital markets. To learn more about these issues and more, please visit www.sifma.org/issues.

Asset Management

Enhancing Money Market Fund Resilience
www.sifma.org/money-market-funds

Following periods of market volatility and liquidity issues seen in 2020, efforts continue to ensure Money Market Funds (MMF) are resilient to credit and liquidity stresses. Regulators seem to be particularly concerned, that MMFs could have redemption concerns issues, finding themselves unable to sell assets during stressed situations. SIFMA's Asset Management Group continues to engage with the U.S. Securities and Exchange Commission, the Financial Stability Board, and other global regulators as potential rulemakings develop. Among the proposals under consideration, SIFMA AMG members and many other market participants have argued that delinking liquidity from fees and gates would be helpful in counteracting any potential liquidity concerns; most of the other proposals under consideration should be further studied as they could harm the functioning of these vital markets without actually improving their resiliency.

Demonstrating Antitrust Needs for Aggregation Rules
wwwsifma.org/antitrust-aggregation-rules

The Hart-Scott-Rodino Antitrust Improvements Act of 1976 requires companies to file pre-merger notifications with the Federal Trade Commission and the Antitrust Division of the Justice Department for certain acquisitions. Under current law, each individual mutual fund that owned more than 5% had to file. The FTC and DOJ have published proposed changes to the rules and interpretations implementing the Act; if the proposals are implemented, asset managers will be required to aggregate positions in an issuer across all funds when assessing filing thresholds.

SIFMA's Asset Management Group has outlined significant concerns with the proposed aggregation requirement and the incorporation of the academic theory of common ownership, which asserts that the mere ownership of shares of competitor companies harms competition. The proposed aggregation rule would significantly increase the number of filings within the asset management industry. The filing fees and delay on investors' acquisitions of securities would impair market efficiency and needlessly increase costs for retail investors, especially savers and retirees whose investments are their main source of income.

Capital Markets

Enhancing Transparency in Fixed Income Markets

www.sifma.org/fixed-income-market-structure

Fixed income markets are an integral component to economic growth, providing efficient, long term and cost-effective funding. They are also one of the most heavily regulated areas of the U.S. capital markets. Two regulatory proposals of note include those related to Rule 15c2-11 and Regulation ATS.

The U.S. Securities and Exchange Commission is considering applying Rule 15c2-11 to the fixed income markets. The Rule, which was implemented in 1971, amended in 1975, 1991, and again in 2020, is and always has been targeted at protecting retail investors from OTC equity market fraud and has never been enforced in fixed income markets. SIFMA members, including our investor members whom the Rule is nominally purported to protect, strongly believe this rule is not needed in or appropriate for fixed income markets. Nonetheless, if the Commission desires to apply this Rule to some portion of the fixed income markets, SIFMA members believe that the Rule should not apply to fixed income markets without the opportunity for the public to receive notice and provide comment on the proposed application of it, given the material policy change its application would represent, and should include a significant reduction in the proposed scope of coverage of the Rule. SIFMA has requested relief from the SEC and continues to discuss this important Rule with them. Failure to take these steps would threaten the continued expansion of liquidity and transparency in these markets and may increase transaction costs, harming investors.

The U.S. Securities and Exchange Commission has also proposed amendments to Regulation ATS under the Securities and Exchange Act of 1934 as they relate to government securities Alternative Trading Systems (ATS). SIFMA generally supports increased operational transparency related to the basic rules of operation of fixed income and government securities ATSs. There is value in operational transparency related to the basic rules of operation of the venue, the ability of priority or preferential treatment (if any) for certain desks or clients and information on risk controls. Among other things, more operational transparency would aid investors in conducting analysis of executions. SIFMA supports tailoring Form ATS disclosures in a manner that addresses the unique characteristics of the fixed income and other marketplaces to best serve investors.

Financing Infrastructure for States and Municipalities

www.sifma.org/muni

There is a clear pressing need to invest in our nation's infrastructure. Municipal bonds finance the bridges, roads, schools and hospitals our communities rely on. We have an infrastructure spending shortfall and a critical need to address it. Further, there is a difference between funding and financing efforts. SIFMA's priorities in this space are effective financing tools with that have been used by over 50,000 state and local governments for key infrastructure projects. Municipal finance tools, such as tax-exempt advance refundings, can ease the burden on the American taxpayer through lower borrowing costs while also bolstering investment in critical public needs, enhancing the quality of life of all Americans. Direct pay bonds and updating small issuer rules will attract more private capital to state and local government projects, and, combined with advance refundings, will serve as critical infrastructure funding tools. It is a missed opportunity to not include municipal bond provisions in the Build Back Better Reconciliation Bill. State and local governments, unlike virtually everyone else in America, are unable to take full advantage of historically low interest rates through advance refundings and generate cashflow to reinvest in their communities.

SIFMA and its member firms support the preservation of the tax exemption for municipal bonds as well as four main initiatives that would help state and local governments finance important infrastructure projects while also saving taxpayer dollars:

1. Secure the passage of legislation permitting issuers to advance refund their municipal debt on a tax-exempt municipal basis;
2. Authorize a new direct payment bond program on a permanent basis;
3. Expand the volume cap and uses for Private Activity Bonds (PABs); and
4. Increase the annual limit on the amount of tax-exempt obligations that may be issued to qualify for the small issuer exception to the tax-exempt interest expense allocation rules.

Helping Businesses and Investors Manage Risk

www.sifma.org/derivatives

Derivatives are an important tool that businesses and investors use to manage risk exposure. Title VII of the Dodd Frank Act established a broad new regulatory regime for over-the-counter (OTC) derivatives, or swaps, which is profoundly affecting the financial markets and market participants. SIFMA believes that the Dodd-Frank Act took several important steps towards improving oversight and transparency in the swaps markets and supports the implementation of appropriate regulations that do not create undue costs or unduly limit the availability of these valuable risk management tools. In October 2021, an important step was achieved when the SEC's security-based swap dealer (SBSD) regime went live and the first SBSD registrations were reported soon thereafter. SIFMA will continue to engage closely with the SEC as it works to complete Title VII rulemaking in 2022.

Looking forward, policymakers should continue to harmonize regulations between the SEC and CFTC; avoid overly broad application of Title VII in cross-border situations, including expanding the availability of bilateral regulatory recognition (substituted compliance); and continuously review and evaluate the impact of regulations on the swap markets and market participants, including end users such as asset managers and their clients.

Legal & Compliance

Protecting Data & Privacy

www.sifma.org/privacy-data-protection

Personal financial information is invaluable and the financial industry is committed to ensuring the safety of the clients we serve at every turn. SIFMA believes a federal privacy and data breach standard is necessary to best protect the personal financial data of all Americans. Many of our members function regionally, nationally, and globally, and the current patchwork of conflicting state and federal laws and regulations further adds to the confusion and inefficiency. Adopting a federal preemptive standard for privacy and data breach – that takes into consideration existing policies under the Gramm-Leach-Bliley Act – would greatly improve customer protection by minimizing confusion and inequality.

Investors are increasingly looking for transparency as they determine how their data is being shared, used and protected. To that end, SIFMA has published a set of industry-wide principles, focusing on access; security and responsibility; transparency and permission; and scope of access and use, for protecting, sharing and aggregating customer financial information. SIFMA is also a founding member and serve on the Board of the Financial Data Exchange (FDX), a non-profit standards body tasked with developing technical solutions for permissioned data transfer between financial institutions and technology companies.

Operations and Technology

Implementing the Consolidated Audit Trail

www.sifma.org/cat

The SEC established the Consolidated Audit Trail (the CAT) to enable regulators to track all order and trading activity throughout the U.S. markets for listed equities and options. While operated by 25 Self-Regulatory Organizations (SROs) including equity and options exchanges, under the supervision of the SEC, the securities industry has undertaken efforts to build and stand up systems necessary to comply with the CAT, working diligently through the coronavirus pandemic and the operational changes, priorities and demands it brought. The transaction database became fully implemented in December 2021.

The SROs and industry are now working on the design and development of the customer data base or CAIS which is projected to come online in mid-2022. The data within CAT has become a key regulatory tool as evidenced by the October 2021 SEC staff report on January 2021 market volatility which used CAT data to recreate and analyze the trading activity. Several critical issues remain, most importantly data security and funding. SIFMA has continually voiced concerns about the type and amount of personally identifiable information (PII) data to be reported to and maintained in the CAIS and has repeatedly offered viable alternatives that would serve the same purpose without the attendant data and privacy risk to investors. We continue to engage with the SEC on its August 2020 data security proposal which would, among other things, prohibit the bulk downloading of CAT data and would strictly and clearly prohibit the use of CAT data for any commercial purpose. We continue to advocate for a collaborative, equitable and transparent funding model for the CAT and recommended that the Commission disapprove the proposed model submitted by the SROs.

Private Client and Wealth Management

Enhancing Investor Protection While Preserving Choice

www.sifma.org/reg-bi

Regulation Best Interest – finalized by the Securities and Exchange Commission in 2019 and fully enforceable as of June 2020 – significantly and meaningfully upgrades the existing regulatory regime for broker-dealers, and directly enhances investor protection. SIFMA advocated for the creation of such a standard for over a decade.

The rule is specific with respect to the obligations brokers owe to their clients and the steps they must take to comply, including the obligation to eliminate, disclose and mitigate certain conflicts of interest. It is enhancing investor protections, while also preserving investor choice and access to investment advice. Reg BI substantially exceeds the preceding FINRA suitability standard and is broader in scope than the now defunct DOL fiduciary rule. Reg BI applies across all customer accounts, not just retirement accounts, and will allow the SEC to enforce a common standard across the industry.

Protecting Senior Investors

www.sifma.org/senior-investors

By 2030, seniors aged 65 and over will make up 18% of the nation's population. In the United States, seniors lose an estimated $2.9 billion every year in cases of financial exploitation reported by media outlets, while only an estimated 1 in 44 cases is even reported to authorities. It is vital that we are able to protect our senior investors from financial exploitation and the dangers of cognitive decline.

SIFMA is committed to working across the financial industry to protect senior investors and continues to seek new ways to fight against financial exploitation of older Americans. In addition to our Senior Investor Protection Toolkit, we work in partnership with AARP to distribute the BankSafe training program and with organizations including the Women's Institute for a Secure Retirement (WISER), the National Adult Protective Services Association (NAPSA), FINRA and more.

Preserving the Independent Contractor Model

www.sifma.org/independent-contractor

SIFMA supports preservation of the independent contractor status in the financial services industry where independent broker-dealer and independent financial advisors can provide services to their retail and institutional clients. Independent broker-dealers (IBDs) and the nearly 160,000 individuals that affiliate with them as independent financial advisors (IFAs) serve millions of clients across the U.S. by providing investment advice and education. IFAs provide crucial advice on retirement planning, educational funding, and other life events retail investors in addition to offering other services and products, such as insurance and tax planning, that address their clients' financial well-being holistically.

Independent contractor status allows independent financial advisors to own and operate their own small business. Independent financial advisors also benefit from a decentralized business structure, which expands the accessibility of financial advice and planning in parts of the country that would otherwise not be served. Notably, independent financial advisors work in a highly regulated industry and are required by securities laws to associate with a broker-dealer to protect investors. We encourage lawmakers to exempt independent broker dealers and independent financial advisors from any legislation, such as the Protecting Rights to Organize Act (Pro Act), that would prevent financial services professionals from freely choosing to be independent contractors.

Prudential Regulation

Prudential Regulation of Capital Markets

www.sifma.org/prudential-regulation

Prudential regulation requires financial firms to control risks, hold adequate capital and liquidity, and have in place workable recovery and resolution plans. It is essential that our regulatory regime accounts for the vital role the capital markets play in providing credit and financing the real economy, particularly as regulators consider the implementation of elements of the Basel III capital proposal in 2022, including the Fundamental Review of the Trading Book (FRTB) and Credit Valuation Adjustment (CVA). It is vital that those rules should be implemented in a manner that does not overly penalize banks' capital markets activities, which in turn could reduce liquidity in vital corporate and other funding markets, thereby hurting growth in the real economy.

SIFMA supports appropriate regulation of the capital markets and their participants by both market regulators, who have decades of experience in promulgating rules and supervising the marketplace, as well as prudential regulators. U.S. prudential rules generally impose significantly higher capital and liquidity costs on banking entities with significant capital markets operations. This has increased costs to financial firms and the economy as a whole and reduced market depth for a wide variety of corporations and other end-users, particularly during periods of economic stress. This has also had another effect: transforming U.S. banking regulators into the most impactful supervisor of the capital markets superseding the oversight role traditionally played by the SEC and CFTC. This has created distortions in the capital and liquidity requirements between market and prudential regulators as well as lessened the efficiencies by increasing costs to end users. It is thus crucial to align and allow for mutual recognition, to the extent possible, the capital and liquidity standards set out by the U.S. banking regulators and the market regulators.

Tax Policy to Support Growth

www.sifma.org/tax

Taxes impact the savings and investment decisions of individuals and corporations and are a necessary means for funding the government. SIFMA believes reasonable taxation and economic growth are not mutually exclusive and encourages policy makers to consider both when contemplating changes to the tax code. Many of SIFMA's members are global taxpayers as well, therefore international standards for raising revenue should consider the highly regulated nature of the financial services industry. SIFMA's member firms are willing and prepared to help policymakers wade through the nuances and goals of their respective tax policy.

SIFMA believes taxes impact savings and investments for both individuals and businesses, but remain necessary for government programs and support for domestic economic growth. We remain focused on international tax, capital gains and dividends as well as protecting investors and savers from taxes that could hurt their future savings.

Community

Being part of and creating community requires an understanding that diversity and inclusion in the financial services industry is an issue of utmost importance. Financial industry leaders, regulators, and corporate stakeholders play a pivotal role in shaping organizational culture to achieve a more inclusive and effective workforce.

Our society also has an extreme need for financial literacy, an issue that has broad implications for our communities and the larger economy. At SIFMA, we are committed to tackle this issue from the ground up, empowering the next generation with an understanding of the market economy and teaching good financial habits that when taught young can last a lifetime.

Fostering Diversity, Equity & Inclusion

www.sifma.org/diversity

SIFMA advocates for a diverse and inclusive financial industry. Together with our members, we strive to provide firms across the financial services industry with the resources needed to achieve, expand and promote workforce, client, and supplier diversity and inclusion.

The Six-Pillar Approach

Through a six-pillar approach, SIFMA's Diversity & Inclusion Advisory Council assists member firms in developing their diversity initiatives to increase inclusion in the workplace and in their efforts to market to diverse customers.

Metrics and Measurement

Measure and demonstrate progress in the financial services industry, through improved D&I metric reporting and providing more industry transparency.

Diversity and Inclusion Training

Build the cultural competence of leaders, including unconscious bias training.

D&I Business Opportunity

Attract diverse clients and diverse suppliers.

Talent Acquisition

Recruit, nurture and retain a diverse workforce by implementing strategies to cultivate pipelines and expand targeted recruiting efforts.

Leadership Development

In addition to recruiting and retention, there also needs to be a focus on Leadership Development to advance more women and people of color into senior roles.

Community Outreach and Engagement

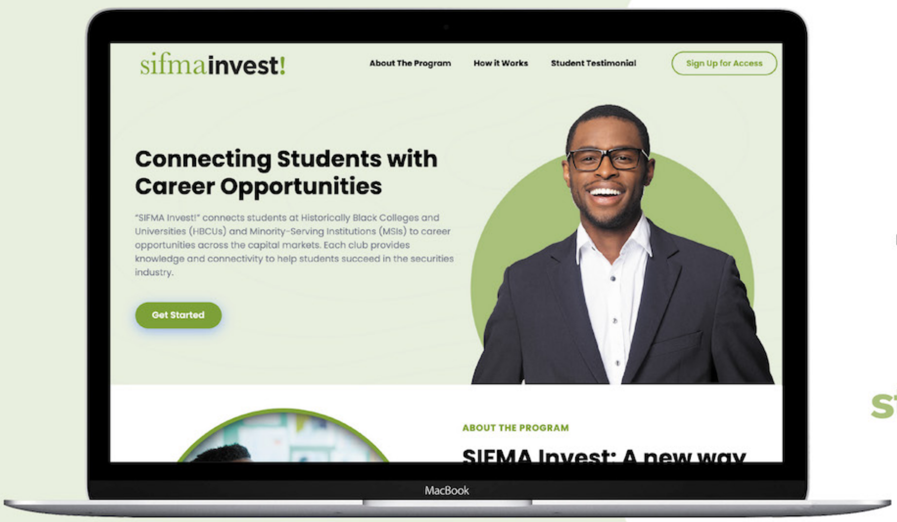
Increase financial literacy across schools. Identify diverse rising talent through programs targeting secondary schools and accredited colleges and universities.

Where We Are

For more than 20 years, the Council has conducted a benchmark survey and encourages more of our member firms to participate. While clearly a work in progress for the industry, having conversations and working towards a more diverse, inclusive future is imperative.

Where We're Headed

By building a diverse talent pipeline, we can foster diversity, equity and inclusion in the financial services industry. The new SIFMA Invest! program and virtual platform offers students enrolled at Historically Black Colleges and Universities (HBCUs) and Minority Serving Institutions (MSIs) a myriad of educational, industry research and career development opportunities to pursue a career in financial services. To help build equity through education, SIFMA has partnered with FINRA and Knopman Marks to offer scholarships to SIFMA Invest! students interested in training for the Securities Industry Essentials (SIE) Exam, the mandatory first step to all securities licensing.



Join sifmainvest!

students.sifma.org/welcome

Promoting Financial Literacy

www.sifma.org/foundation

For more than 40 years, the SIFMA Foundation has strengthened economic opportunities for individuals of all backgrounds by increasing their understanding of the benefits of the global capital markets. Through a robust portfolio of dynamic, rigorous online educational programs that introduce young people to the financial industry and emphasize asset allocation, long-term planning, diversification and problem solving, the SIFMA Foundation has leveled the playing field for 20 million youth to participate in the global marketplace and become the next generation of financial professionals.

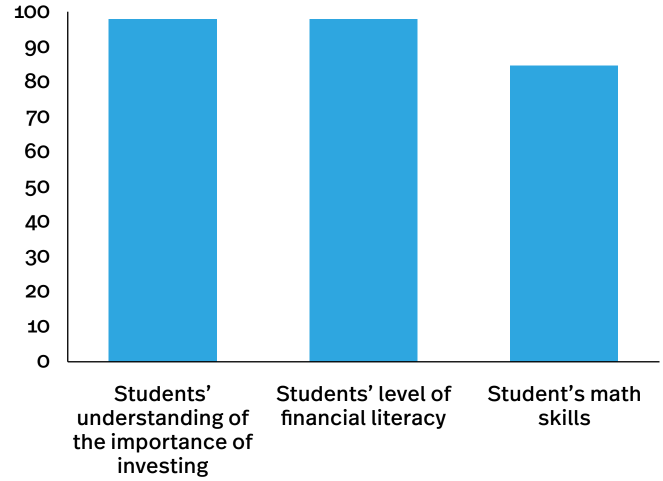
Year after year, SIFMA member firms' critical support enables the SIFMA Foundation to cultivate a pipeline of diverse young talent for the sector by equipping elementary through high school teachers to engage their students firsthand in personal finance and the capital markets, prepare them for college and the workplace, and motivate them to explore jobs and careers in the financial sector. In addition, the SIFMA Foundation promotes financial education best practices and thought leadership through multi-sector partnerships, including 13,000 industry professionals who support as volunteers through Invest It Forward® and every member of Congress through the Capitol Hill Challenge™. With its suite of acclaimed programs, the SIFMA Foundation has advanced financial capability for 600,000 students each year, including 300,000 girls and more than 200,000 students of color.

Teachers consistently speak about the positive influence SIFMA Foundation programs have on their students. The educational impact of the SIFMA Foundation's Stock Market Game™ (SMG) is unmatched, with proven increases in student engagement and class participation and improved academic performance and financial behavior. An independent study by Learning Point Associates found Stock Market Game students scored significantly higher on mathematics and financial literacy tests than their non-SMG peers. They also found that SMG teachers reported the program motivated them to better plan for their own financial future and engage in financial planning, research, and use of investment products and services. The SIFMA Foundation offers a variety of volunteer and community engagement activities for financial professionals, in-person and online. From visiting classrooms to judging student essays, the SIFMA Foundation has a volunteer opportunity just right for you. Sign up today and discover specific ways you can bring your passion and expertise into classrooms.

"Students who participated in The Stock Market Game™ scored significantly higher on mathematics and financial literacy tests than their peers who did not participate."

- Learning Point Associates Independent Study

SMG Improves
(greatly/somewhat)



Source: The Stock Market Game Teacher Survey

94% of Stock Market Game

teachers were satisfied or extremely satisfied with their SMG experience

Resources

Key Resources

Advocacy & Resources
Comment letters, white papers, articles and more on market policy and regulation
www.sifma.org/resources

SIFMA Insights
Thoughtful and unique views on the markets, the industry and the economy
www.sifma.org/insights

SIFMA Research
Data and reports on the capital markets, economy and securities industry
www.sifma.org/research

SIFMA SmartBrief
A daily, concise news briefing on news impacting the capital markets, with weekly editions for Asset Management, Wealth Management and Operations & Technology
www.sifma.org/smartbrief

News, Blogs & Podcasts
Musings from the intersection of public policy and financial markets
www.sifma.org/news

My Profile
Update your profile to receive important information and event updates
https://my.sifma.org

Cybersecurity Resources
Resources to address cyber threats and improve the financial industry's overall cybersecurity
www.sifma.org/cybersecurity

Business Continuity Planning (BCP) Resources
Critical resources for dealing with incidents that can interrupt business and market functions
www.sifma.org/bcp

Cybersecurity Resources

Resources for the financial industry to address critical cyber threats and improve the industry's overall cybersecurity, including:

- Best Practices for Insider Threats
- Third Party Risk Management
- Cyber and Operational Resilience Table Top Exercises
- Framework for the Regulatory Use of Penetration Testing
- Data Protection Principles
- And more

2022 Holiday Schedule

www.sifma.org/holiday-schedule

On behalf of financial market participants, SIFMA recommends a holiday schedule in the U.S., U.K. and Japan.

All SIFMA holiday recommendations apply to the trading of U.S. dollar-denominated government securities, mortgage- and asset-backed securities, over-the-counter investment-grade and high-yield corporate bonds, municipal bonds and secondary money market trading in bankers' acceptances, commercial paper and Yankee and Euro certificates of deposit. Previously scheduled SIFMA early close recommendations do not affect the closing time for settlements.

In 2022, Juneteenth National Independence Day was declared a federal holiday. Going forward, Juneteenth will be incorporated into our holiday schedule.

Holiday	Recommended Early Close (2:00 p.m. Eastern Time)	Recommended Close
New Year's Day 2021/2022	Friday, December 31, 2021	None
Martin Luther King Day	None	Monday, January 17, 2022
Presidents Day	None	Monday, February 21, 2021
Good Friday	Thursday, April 14, 2022	Friday, April 15, 2022
Memorial Day	Friday, May 27, 2022	Monday, May 30, 2022
Juneteenth National Independence Day	None	Monday, June 20, 2022
U.S. Independence Day	Friday, July 1, 2022	Monday, July 4, 2022
Labor Day	None	Monday, September 5, 2022
Columbus Day	None	Monday, October 10, 2022
Veterans Day	None	Friday, November 11, 2022
Thanksgiving Day	Friday, November 25, 2022	Thursday, November 24, 2021
Christmas Day	Friday, December 23, 2022	Monday, December 26, 2022
New Year's Day 2022/2023	Friday, December 30, 2022	Monday, January 2, 2023

2022 Conferences and Events

www.sifma.org/events

SIFMA conferences, events and webinars foster meaningful conversations about the capital markets and offer valuable professional development opportunities. Our offerings pivot quickly based on the current environment; visit us online to view our full calendar of timely, upcoming events.

Anti-Money Laundering and Financial Crimes Conference
February 7-8 | New York, NY

Securities Industry Institute (SII)
March 5–11 | Philadelphia, PA

SIFMA C&L Annual Seminar
March 20–23 | Orlando, FL

Private Client Conference
April 6-8 | Miami, FL

Operations Conference & Exhibition
May 16–19 | Phoenix, AZ

Diversity, Equity & Inclusion Leadership Forum
To Be Announced

For a listing of all events, including SIFMA's Webinar Series and virtual content available on demand, please visit www.sifma.org/events.

Analyze Markets

SIFMA Insights

www.sifma.org/insights

SIFMA Insights reports provide thoughtful and unique views on markets trends and key industry themes. In addition to a comprehensive primer series, publications include:

- Monthly Market Metrics and Trends
- Market Structure Survey
- Spotlight Reports on thematic issues including topics such as inflation, stock ownership and COVID-related market turmoil
- And more

SIFMA Research

www.sifma.org/research

Reports

www.sifma.org/research-reports

SIFMA Research produces various reports analyzing market statistics (volumes, issuance and outstanding) and securities industry statistics (broker-dealers, retirement assets and investor participation).

- SIFMA Research Quarterlies
  - US Cash Equities, ETFs and Multi-Listed Options + Capital Formation
  - Fixed Income – Issuance and Trading
  - Fixed Income – Outstanding
  - US Financial Institutions
- Capital Markets Fact Book
- Fact Sheets (Repo, Leveraged Loans)

SIFMA's 2021 Capital Markets Fact Book

In 2020, the securities industry raised $2.7 trillion of capital for businesses through corporate debt and equity issuance activity, a 60.4% increase from the prior year. This represents 73% of funding for economic activity in the U.S., in terms of equity and debt financing of non-financial corporations. Find more facts in SIFMA's indispensable Capital Markets Fact Book, an annual publication with downloadable data tables on the capital markets, investor participation, savings and investment, and securities industry. The Fact Book amasses data from dozens of sources into a single, easily accessible reference tool to analyze key industry statistics.

Data & Statistics

www.sifma.org/statistics

SIFMA Research produces databases for various securities. Equity includes volumes, volatility and capital formation. Fixed income includes issuance/ trading volumes and outstanding; rate and holders information is provided for some asset classes.

- U.S. Equity and Related Statistics
- U.S. Fixed Income Statistics
- U.S. Treasury Securities Statistics
- U.S. Mortgage-Backed Securities Statistics
- U.S. Corporate Bonds Statistics
- U.S. Municipal Bonds Statistics
- U.S. Agency Debt Statistics
- U.S. Asset-Backed Securities Statistics
- U.S. Money Market Instruments Statistics

Fixed Income Market Trends: A Data Visualization

America's capital markets are the largest and deepest in the world. An immersive experience on the bond markets, our interactive data visualization draws from deep cuts of data in both issuance and outstanding securities. Explore trends in the bond markets across various time series and dive into multiple asset classes. Download distinct datasets and corresponding JPG files.

Capital Builds Economies: A State-by-State Database

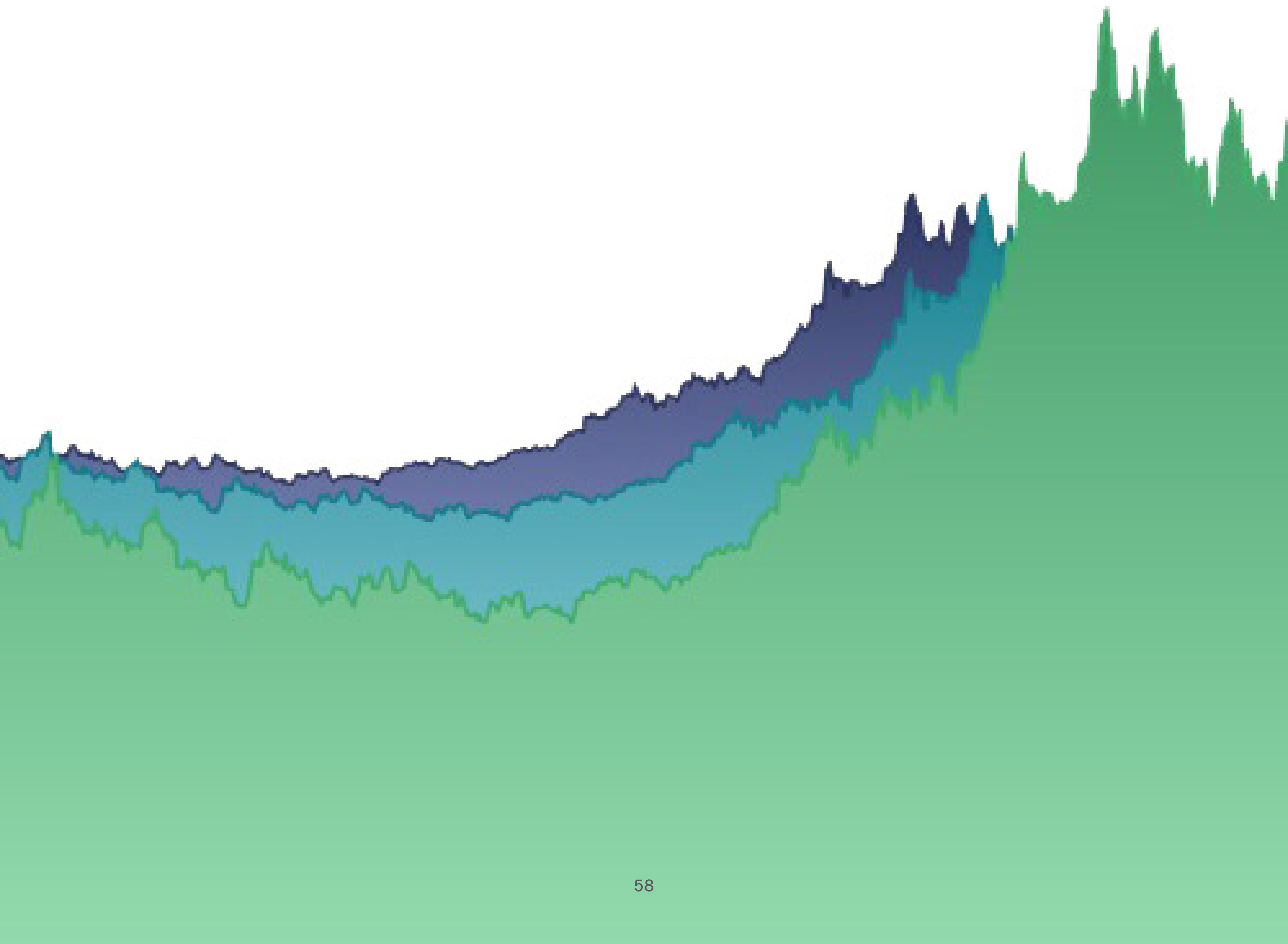
Capital markets are the bedrock of our economy, driving capital to the best ideas and enterprises. They enable workers to save for retirement, students to pay for their education, businesses to grow, and communities to finance sustainable development. From California to Maine, explore this database to see who is accessing them in your state. View and download state-by-state data on equity, corporate and municipal issuance; top public companies; securities industry employment; and more.

SIFMA Economic Roundtable

www.sifma.org/economic-survey

The SIFMA Economic Advisory Roundtable brings together Chief U.S. Economists of 27 global and regional financial institutions. The US Economic Survey report is a semiannual compilation of the median economic forecast of Roundtable members, published prior to the upcoming Federal Open Market Committee (FOMC) meeting.

We analyze economists' expectations for: GDP, unemployment, inflation, interest rates, etc. We also review expectations for policy moves at the upcoming FOMC meeting and discuss key macroeconomic topics and how these factors impact monetary policy.



Learn About Markets

Market Structure At-A-Glance

Capital, raised through equity and debt, can be used to grow businesses, finance investments in new plant, equipment and technology and fund infrastructure projects. This creates jobs and flows money into the economy. Additionally, businesses and individuals can invest in securities to generate wealth.

The capital markets can be broken into:

Primary Markets

- Issuers create new securities and sell them to investors
- Sales of new issuances carried out through discrete transactions
- Securities issued at a single price

Secondary Markets

- Investors trade securities, (typically) no issuer involvement
- Trading of securities can occur continuously
- Securities traded at market prices, fluctuating

Primers

www.sifma.org/primers

With a fundamental understanding of the marketplace, we can address myriad complex issues that might arise.

The primer series from SIFMA Insights is an important reference tool that goes beyond a typical 101-level brief, breaking down important technical and regulatory nuances in our market structure and more.

For basic concepts and product overviews, view SIFMA's Investor Guides.

Global Capital Markets & Financial Institutions Primer

Let's start at the beginning: what is the function of the capital markets? How is a financial institution structured? Why do capital markets matter?

Primary, Secondary & Post-Trade Markets Primer

Where are securities created? Where are they traded among investors? Why is the last phase of the trade lifecycle known as the plumbing of the capital markets? Find out in Part II of our two-part foundation to the Insights Primer Series.

Global Equity Markets Primer

The U.S. cash equity markets are the largest in the world and continue to be among the deepest, most liquid and most efficient. This primer is a thorough comparison of equity markets across the globe, analyzing data on market size, formation, performance and costs, as well as markets in indexes.

Electronic Trading Market Structure Primer

Technology is now part of market DNA but defining electronic trading is not black and white. Here, we attempt to do so by providing an overview of the types of platforms and strategies utilizing a form of electronic trading.

US Equity Capital Formation & Listings Exchanges Primer

Initial public offerings (IPOs) are an important way for businesses to grow, innovate and better serve their customers. Yet, the number of public companies has declined 46% since its peak in 1996. Why might that be? What can be done?

US Equity Market Structure Primer

Efficient and resilient market structure is key to sustaining investor confidence and participation underpinning the equity markets.

US Multi-Listed Options Market Structure Primer

An option is a contract to buy or sell an underlying asset or security at a specified price on or before a given date.

US ETF Market Structure Primer

Exchange-traded funds (ETFs) are pooled investment vehicles that have experienced significant growth since 2000.

US Fixed Income Market Structure Primer

Fixed income markets are an integral component to economic growth, providing efficient, long term and cost-effective funding.

SOFR Primer: The Transition from LIBOR

With an estimated $200 trillion of financial contracts referencing USD LIBOR, much work lies ahead in order to implement a successful reference rate change - and time is of the essence.

The Evolution of the Fintech Narrative

Capital markets have been impacted by the post-crisis transformation of financial institution business models – driven not just by regulations, but also by new financial technologies. In this report, SIFMA Insights assesses how the narrative around analyzing and deploying fintech opportunities has evolved throughout the past decade and changed the world in which we operate.

Terms to Know

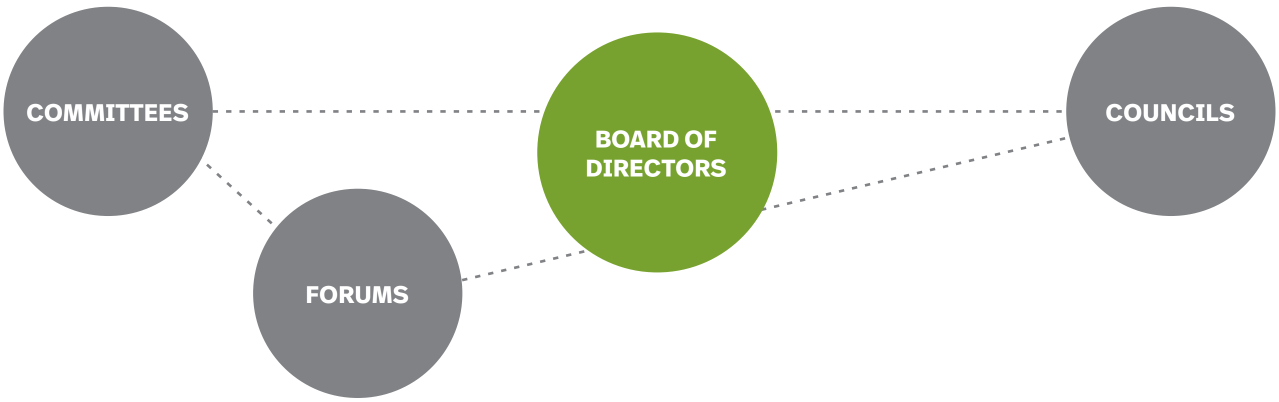
CFTC	Commodity Futures Trading Commission
Fed	Federal Reserve System
FINRA	Financial Industry Regulatory Authority
SEC	Securities and Exchange Commission
CAGR	Compound Annual Growth Rate
FTT	Financial Transaction Tax
Reg BI	Regulation Best Interest
Fintech	Financial Technology
AI	Artificial Intelligence
Cloud	Cloud Computing
Cyber	Cyber Security
DLT	Distributed Ledger Technology*
PII	Personally Identifiable Information
Regtech	Regulatory Technology
RPA	Robotic Process Automation
CCAR	Comprehensive Capital Analysis and Review
CET1	Common Equity Tier 1
G-SIB	Global Systemically Important Bank
TLAC	Total Loss-Absorbing Capacity
SA-CCR	Standardized Approach for Counterparty Credit Risk
SLR	Supplemental Leverage Ratio
eSLR	Enhanced Supplemental Leverage Ratio
SCB	Stress Capital Buffer
FRTB	Fundamental Review of the Trading Book
GMS	Global Market Shock
LCD	Large Counterparty Default

EMS	Equity Market Structure
ADV	Average Daily Trading Volume
AUM	Assets Under Management
CAT	Consolidated Audit Trail
ECM	Equity Capital Markets
ETF	Exchange-Traded Fund
IPO	Initial Public Offering
Reg NMS	Regulation National Market System
SIP	Security Information Processor
SRO	Self Regulatory Organization
FIMS	Fixed Income Market Structure
FICC	Fixed Income, Currencies and Commodities
DCM	Debt Capital Markets
ABS	Asset-Backed Securities
Agency	Federal Agency Securities
ARRC	Alternative Reference Rates Committee
Corporates	Corporate Bonds
GCF Repo	General Collateral Financing Repo
LIBOR	London Interbank Offered Rate
MBS	Mortgage-Backed Security
MM	Money Markets
Munis	Municipal Securities
Repo	Repurchase Agreement
SOFR	Secured Overnight Financing Rate
TMPG	Treasury Market Practices Group
UST	U.S. Treasury Securities

** Blockchain is one type of DLT*

Our Committees

SIFMA is a member-driven organization. Through our committee structure – including 33 standing committees, 30 forums and 8 advisory councils overseen by 6 Board subcommittees - our members develop industry-wide views on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We engage with policymakers and regulators through comment letters, testimony, research and more.



Committees

Asset Management
- SIFMA AMG Steering Committee
- SIFMA AMG Government Affairs Committee
- SIFMA AMG International Regulatory Committee
- SIFMA AMG Operations Committee
- SIFMA AMG U.S. Regulatory Committee

Capital Markets
- Corporate Credit Committee
- Equity Markets and Trading Committee
- Listed Options Trading Committee
- Municipal Securities Committee
- Primary Markets Committee
- Prime Brokerage and Securities Lending Committee
- Rates and Funding Committee
- Securitization Committee
- Swap Dealer Committee

Government Relations & Communications
- Federal Government Representatives Committee
- International Policy Committee
- State Regulation & Legislation Committee

Legal & Compliance
- Amicus & Litigation Advisory Committee
- Anti-Money Laundering (AML) & Financial Crimes Committee
- Compliance & Regulatory Policy Committee
- Technology & Regulation Committee

Operations & Technology
- Operations & Technology Steering Committee
- Business Continuity Planning Committee
- Cybersecurity Committee

Private Client & Wealth Management
- Arbitration Committee
- ERISA/Retirement & Savings Committee
- Private Client Legal Committee
- Private Client Services Committee

Prudential & Capital
- Prudential Committee
- Accounting & Capital Committee
- Federal Tax Committee
- State Tax Committee
- Tax Compliance Committe

Councils

SIFMA Advisory Council
Communications Council
Diversity & Inclusion Advisory Council
General Counsels Advisory Council
Muni Swap Index Advisory Council
Regional Firms Advisory Council
SIFMA AMG MAC Advisory Council
TBA Guidelines Advisory Council

Forums

Asset Management Group
SIFMA AMG CCO and Enforcement Forum
SIFMA AMG Collateral Operations Forum
SIFMA AMG Counterparty Risk Forum
SIFMA AMG Custodian Operations Forum
SIFMA AMG Derivatives Forum
SIFMA AMG ETF Forum
SIFMA AMG Fixed Income Market Structure Forum
SIFMA AMG Operational Risk Forum
SIFMA AMG Securitization Forum
SIFMA AMG Tax Forum

Capital Markets
MBS Operations Forum
Municipal Legal Forum
Retail Fixed Income Forum
Municipal Legal Advisory and Compliance Forum

Legal & Compliance
Electronic Communications & Records Forum
Employment Lawyers Forum
Privacy & Data Protection Forum

Operations & Technology
Banking Services Management Forum
Blockchain Forum
Clearing Firms Forum
Corporate Actions Forum
Credit and Margin Forum
Customer Account Transfer Forum
Insider Threat Forum
Operations Forum

Private Client & Wealth Management
Senior Investor Protection Forum

Prudential & Capital
Regulatory Capital and Margin Forum
Capital Forum
Liquidity Forum
Foreign Bank Forum
Governance, Resiliency and Resolution Forum

The GFMA Partnership

www.gfma.org
The Global Financial Markets Association (GFMA) represents the common interests of the world's leading financial and capital market participants, to provide a collective voice on matters that support global capital markets. As SIFMA's global affiliate, GFMA advocates on policies to address risks that have no borders, regional market developments that impact global capital markets, and policies that promote efficient cross-border capital flows, benefiting broader global economic growth.

AFME in London, Brussels and Frankfurt, ASIFMA in Hong Kong and SIFMA in New York and Washington are, respectively, the European, Asian and North American members of GFMA.

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