



asset management group

November 2, 2021

Mr. Michael Campanelli
New York State Department of Financial Services
One State Street
New York, NY 12257
Via email: Michael.Campanelli@dfs.ny.gov

Re: SIFMA AMG Comments on Proposed Regulation 172 (11 NYCRR 83)

Dear Mr. Campanelli:

The Asset Management Group of the Securities Industry and Financial Markets Association (“**SIFMA AMG**” or “**AMG**”)¹ appreciates the opportunity to comment further on the Department of Financial Services’ (the “**Department**” or “**DFS**”) proposed amendments to 11 NYCRR 83 (“**Regulation 172**”).

AMG appreciates DFS’s efforts to ensure that any ETF regulation is appropriate, and we recognize the work that the Department has done to amend Regulation 172. As we noted in our comment letter to the Department on November 25, 2020,² we were concerned that Regulation 172, as originally proposed, would have negatively impacted the ability of insurers to invest in the index-based bond ETF market. However, by granting bond-like capital and reserve treatment to a subset of bond ETFs, the Department is supporting an insurer’s ability to access bond exposures in an efficient, cost-effective manner. This access potentially enhances the liquidity, diversification, and transparency of investment portfolios, ultimately benefitting insurers’ policyholders. Further, by developing a clear methodology for determining whether a bond ETF meets the criteria necessary to receive bond-like capital treatment, the Department will still accomplish its policy objectives.

We look forward to continuing to engage with the Department as well as the NAIC going forward, and welcome the opportunity to discuss any issues arising during implementation of Regulation 172. If we can be of any assistance, please feel free to reach out to me at Lindsey Keljo at 202-962-7312 or LKeljo@sifma.org,

Respectfully submitted,

/s/ Lindsey Keljo

Lindsey Keljo, Esq.
Managing Director and Associate General Counsel
SIFMA, Asset Management Group

¹ SIFMA AMG brings the asset management community together to provide views on U.S. and global policy and to create industry best practices. SIFMA AMG’s members represent U.S. and global asset management firms whose combined assets under management exceed \$45 trillion. The clients of SIFMA AMG member firms include, among others, tens of millions of individual investors, registered investment companies, endowments, public and private pension funds, UCITS and private funds such as hedge funds and private equity funds. For more information, visit <http://www.sifma.org/amg>.

² Securities Industry and Financial Markets Association Asset Management Group, Comment Letter on Proposed Amendments to 11 NYCRR 83 (Nov. 25, 2020), <https://www.sifma.org/wp-content/uploads/2021/10/SIFMA-AMG-Comment-Letter-to-NYDFS-on-Insurance-Regulation-172.pdf>.