July 8, 2013

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

**Re: SEC Proposed Rule – Regulation SCI SEC File No. S7-01-13; Release No. 34-69077**

Dear Ms. Murphy:

Thank you for the opportunity to present our comments regarding the SEC's proposed rulemaking on Regulation SCI (Systems Compliance and Integrity). The Securities and Exchange Commission (SEC) published Proposed Regulation SCI in the Federal Register on March 25, 2013. On April 5, 2013 representatives of the X9D14 working group that is drafting a quality management system standard tentatively named "AT 9000" appeared before SEC staff to discuss the status of the project.

We have reviewed the SCI document and wish to address the relationship between the proposed regulation and quality management system standards, such as AT 9000. In particular, we would like to respond to question 60.

***60. The Commission requests comment generally on proposed Rule 1000(b)(1). Do commenters believe the proposed scope of required policies and procedures is appropriate? Why or why not? Please explain.***

> Proposed Rule 1000(b)(1) would generally require that each SCI entity's policies and procedures be reasonably designed to ensure that its SCI systems and, for purposes of security standards, SCI security systems, "have levels of capacity, integrity, resiliency, availability, and security, adequate to maintain the SCI entity's operational capability and promote the maintenance of fair and orderly markets."
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> "…[P]ublication(s) that the Commission has preliminarily identified as SCI industry standard(s) in each domain that an SCI entity, taking into account its nature, size, technology, business model, and other aspects of its business, could, but is not required to, use to establish, maintain, and enforce reasonably designed policies and procedures that satisfy the requirements of proposed Rule 1000(b)(1)."

While the issues required to be addressed in Proposed Rule 1000(b)(1) are not explicitly

identified as either “quality” or “quality management,” we point out that measurements involving “capacity, integrity, resiliency, availability and security” as well as "capability" are often considered as part of “quality management.”

The International Organization for Standardization (ISO) publishes industry-defined technical and quality management standards. Many of these standards apply to quality management systems, such as (most notably) the generic standard ISO 9000, but also the ISO 14000 standard for environmental management. The ISO standards are globally recognized. There are over one million ISO 9000 certified firms worldwide. What gives ISO quality management certification so much credibility is its method of internal and external audit. Some industries have adapted ISO 9000 to meet the specific needs of their industries, including for example, aerospace (AS 9100), medical devices (ISO 13485), and food safety (ISO 22000). We believe their applications of ISO quality management system standards have (by and large) been successful at increasing the quality and safety of their respective industries, while facilitating international trade.

The U.S. component of ISO is the American National Standards Institute (ANSI). Accredited Standards Committee X9 is the component of ANSI tasked with overseeing development and maintenance of standards for financial services. X9 operates under its own procedures as well as those prescribed and approved by ANSI. Presently, X9 operates 4 technical subcommittees and 20-to-30 technical working groups that develop financial industry technical standards and guidelines. X9 is the USA Technical Advisory Group (TAG) to the International Technical Committee on Financial Services (TC68) under the International Organization for Standardization (ISO), of Geneva, Switzerland. In this role X9 holds the USA vote on all ISO standards of TC 68 or its subcommittees SC2, SC4, and SC7. X9 has overseen the development of many technical standards used in the financial industry.

Under the ANSI / X9 umbrella, delegates from member organizations—exchanges, regulatory agencies, trading firms, vendors, broker/dealers, clearing members, academia—are working to develop AT 9000, a quality management system standard for automated trading. This standard is intended to be ISO compliant.

The AT 9000 documents will address requirements for systems engineering and operation and control of trading systems, products and services for automated trading industry organizations, including trading firms, exchanges, independent software vendors, clearing members and broker/dealers. AT 9000 aims to serve three separate goals, helping covered entities with:

1.) Satisfying their responsibility for trading safety;
2.) Satisfying regulatory requirements; and
3.) Achieving improved efficiency and effectiveness of systems, products, or services involved in automated trading.

Should Regulation SCI go forward, we hope the final language will acknowledge industry-led standards, such as AT 9000, where appropriate. Such initiatives capture evolving best practices and potentially represent the best way to ensure desired quality and quality management for systems that are important to the functioning of financial markets.

Thank you and best regards,

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