

ICMA response to SEC proposal on Rule 15c2-11

On 18 May 2026, ICMA submitted a [response](#) to the US Securities and Exchange Commission (SEC) on its proposed amendments to Rule 15c2-11 under the Securities Exchange Act of 1934, as amended (Exchange Act) (see SEC Release No. 34-105004 [Publication or Submission of Quotations Without Specified Information](#) (16 March 2026)).

Background to the proposal

Rule 15c2-11 establishes information-gathering and review requirements for broker-dealers publishing quotations in OTC markets. Historically, the rule has been aimed at protecting retail investors from potential fraudulent activity in retail OTC markets.

However, following the SEC's 2021 decision to apply the rule to fixed income securities, market participants raised concerns about its suitability for debt markets. For example, the application of the rule may be problematic in the context of certain Rule 144A fixed income securities where the issuer is not publicly listed and does not publish or file ongoing disclosures, leading to US broker dealers not being able to publish quotes in the secondary market. The exemptive relief granted to Rule 144A fixed-income securities in 2023 (Securities Exchange Act Release No. 98819, 88 FR 75343 (2 November 2023)) was welcomed, but the industry would benefit from a more permanent solution. The SEC's 2026 proposal seeks to address these concerns by limiting the scope of Rule 15c2-11 to "equity securities" only (as defined in Rule 3a11-1 under the Exchange Act).

ICMA's overall position

ICMA strongly supports the SEC's proposal as a necessary correction to the application of Rule 15c2-11. The response emphasises that the rule was originally designed for retail-focused OTC equity markets and is not appropriate for institutional fixed income markets, particularly the global Regulation S / Rule 144A market in which ICMA members are active.

The response highlights that fixed income markets differ fundamentally from equity markets in investor base and trading venues used, noting in particular the absence of retail-focused fraud (such as "pump-and-dump" schemes) which the rule was intended to address.

Key issues raised by ICMA

1. Support limiting rule to "equity securities" and thereby exclude fixed income securities

ICMA welcomes the proposal to confine Rule 15c2-11 to equity securities and thereby remove fixed income products from the scope of the rule.

2. Treatment of asset-backed securities (ABS)

ICMA's response requests explicit confirmation that ABS residual or "equity" tranches remain outside the scope of Rule 15c2-11.

The concern arises from the proposal's use of the broad definition of "equity security" in Rule 3a11-1, which could inadvertently capture these lowest-tiered securitisation securities that are colloquially referred to as "equity" tranches. Lack of clarification that these residual tranches fall outside the scope of Rule 15c2-11 could lead to an unnecessary disparity among tranches of the same securitisation and would likely impair the ability of market participants to trade residual tranches that are substantively part of the broader ABS offering.

If the SEC does not expressly confirm that residual tranches of ABS remain outside Rule 15c2-11, the response requests that the exemptive relief for Rule 144A fixed income securities granted in 2023 not be withdrawn, so that the existing relief for residual tranches sold pursuant to Rule 144A can be preserved.

3. Exclusion of convertible instruments (including AT1s) from "equity securities"

ICMA also highlights the risk that certain convertible debt securities—including Additional Tier 1 (AT1) securities—could fall within the definition of "equity security".

The response stresses that:

- AT1 instruments are fundamentally debt instruments, albeit deeply subordinated, and are widely used by European banks for regulatory capital purposes;
- Most AT1 bonds may never convert to equity; and
- They are not the type of instruments associated with the retail market abuses targeted by Rule 15c2-11.

ICMA therefore supports a targeted exclusion for convertible debt securities (including AT1s). If such an exclusion is not granted, ICMA requests that an extension of the SEC's November 2024 [no-action](#) relief (that certain European issuers of AT1 bonds would qualify for) be granted so that the proposal does not reintroduce uncertainty for fixed-income securities.

4. Support for other industry submissions

ICMA expressly supports key elements of the SIFMA and SIFMA AMG responses (the [15 May](#) and [18 May](#) letters) to this proposal, particularly in relation to:

- Limiting the application of Rule 15c2-11 to "equity securities" only;
- Preserving the exclusion of ABS, including residual tranches, from the scope of Rule 15c2-11; and
- Carving out convertible debt instruments from the definition of "equity securities".

Conclusion

ICMA's response strongly endorses the SEC's proposal to limit the scope of Rule 15c2-11 to equity securities, viewing it as a long-overdue alignment of the rule with its original purpose.

However, ICMA emphasises that targeted clarifications will be necessary to ensure that the revised rule does not inadvertently capture certain fixed income instruments through a broad definition of "equity securities". In particular, clear exclusions for ABS (including residual tranches) and convertible debt instruments (including AT1s) will be important to preserve market liquidity and legal certainty in international debt capital markets.



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