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September 29, 2020

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

Attn: File Number S7-08-20: Reporting Threshold for Institutional Investment Managers

Dear Secretary Countryman:

I write in response to the Commission's proposal to update the reporting requirements of Form 13F, specifically in regard to question 25 concerning other potential amendments to the form.

As noted in your request for comment, the equities market has changed significantly over the last 45 years, both in size and complexity. For this reason, standardization of data for securities is increasingly important for money managers, regulators and outside observers.

The R Street Institute is a nonprofit, nonpartisan, public policy organization dedicated to promoting free markets and limited, effective government. We focus on improving America's system of governance and providing practical solutions for streamlining and simplifying the way it operates. Our specialty is tackling issues that are complex, but do not necessarily grab major headlines. These are the areas where we think we can have a real impact.

We believe permitting managers to provide alternative identifiers to CUSIP would spur innovation in the industry and provide alternatives when CUSIPs are not the best option.

For one, CUSIPs do not always convey all information about a financial instrument. On Form 13F, firms report options and exchange-traded derivatives using equity CUSIPs, which contain no information about strike prices. It's also worth noting that current identifiers are likely to be inadequate with the rise of crypto-assets in the marketplace.

Equities do not currently trade on CUSIPs, and only some fixed income assets do, and there is no single identifier that ties various assets together. Tickers are also specific to exchange, with CUSIPs limited to settlement in the U.S. market, creating complications when stocks are settled on foreign exchanges in different currencies.

Additionally, CUSIPs can change or otherwise take multiple forms for the same entity. While the CUSIP-6 identifies a security's issuing party, a new base may be created when security issuance passes a certain threshold, resulting in multiple bases for the same entity. They also may be reused, and identification problems can arise in instances when entities change names.

However, as long as regulatory reporting continues to require one identifier at the expense of others, the industry will remain reliant on it despite the potential for more modern identification schema.

This lack of standardization is a major problem for securities analysts, as well as those of us who study municipal finance, as there are costs for third-party analysts even to know the right CUSIP for a given security. Further expenses for licensing and obtaining identifiers upon initial issuing only add to the burden faced by security issuers.

Allowing managers reporting on Form 13F to use the identifiers best suited for their instruments would have far-reaching benefits beyond strictly this reporting. Market participants would likely adapt quicker to the increasingly complex trading markets and the benefits that come from open data standards.

Whether the Financial Instrument Global Identifier (FIGI) referenced in the request for comment proves to be the alternative that arises is secondary to allowing the market to determine the best way forward. Although FIGI is currently the only open data identifier available, this would not necessarily remain the case in a market environment where competition is opened up. Allowing market choice would enable identifiers to evolve and ultimately increase interoperability.

We are strong proponents of the use of metadata, and open-source, machine-readable data across all areas of government, and just as important is ensuring that regulatory requirements do not discourage similar best practices from being used in the private sector. Allowing for alternative identifiers on Form 13F would assist in moving the marketplace in this direction and solve the problems that currently exist with security identification.

Sincerely,



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