



American
Bankers
Association®



Via Electronic Submission

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

Re: SEC proposed rule for Reporting Threshold for Institutional Investment Managers. File Number S7-08-20

Dear Ms. Countryman:

The American Bankers Association ¹(ABA), jointly with CUSIP Global Services ²(CGS), appreciate the opportunity to comment on the Securities and Exchange Commission's (Commission or SEC) proposed rule amending the requirements for Form 13F reported by institutional investment managers. Specifically, we address Item 25 under the list of issues requesting comments:

25.

Are there any other amendments we should make to the information provided on Form 13F? For example, is there any information currently required that is not useful or does not have a beneficial effect for investors, reporting managers, or users of the data? Should we consider omitting Form 13F's requirement to provide a CUSIP number for each security? Why or why not? Should we permit managers to provide, in lieu of a CUSIP number, other identifiers such as a Financial Instrument Global Identifier (FIGI) for each security? Why or why not? Would permitting voluntary use of an alternate identifier have a beneficial effect for investors, reporting managers, or users of the data?

Background

ABA comments as owner of the CUSIP identification system; CGS as operator of the same under contract by S&P Global Market Intelligence with the ABA. In 1964, as a response to the securities

¹ The American Bankers Association is the voice of the nation's \$20.3 trillion banking industry, which is comprised of small, regional, and large banks that together employ more than 2 million people, safeguard \$15.8 trillion in deposits, and extend nearly \$11 trillion in loans. Learn more at www.aba.com

² The financial services industry relies on CGS' unrivaled experience in uniquely identifying instruments and entities to support efficient global capital markets. Its extensive focus on standardization over the past 50 years has helped CGS earn its reputation as a trusted originator of quality identifiers and descriptive data, ensuring that essential front- and back-office functions run smoothly. CGS is managed on behalf of the American Bankers Association (ABA) by S&P Global Market Intelligence, with a Board of Trustees that represents the voices of leading financial institutions. For more information, visit www.cusip.com

settlement “paper crunch,” the NY Clearing House Association approached the ABA to develop a more efficient system for the trading, clearing, and settlement of securities. Thus was the Committee on Uniform Security Identification Procedures – CUSIP – born, with the first directory being published in 1968³. In the ensuing decades, in parallel with widespread adoption and implementation by market participants, an increasing number of clearing corporations, regulators, and market authorities came to recognize the value and reliability of the CUSIP system. Under the direction and guidance of a cross-industry senior group of experts, the CUSIP Board of Trustees, this led to an ever-expanding universe of asset classes supported by CUSIP identifiers: municipal bonds, commercial paper, US treasury bonds, mortgage-backed securities, and bankers acceptances to name just a few. Over 50 years later, that spirit of innovation, sustained investment, and commitment to powering efficient capital markets lives on.

Form 13F

Since the introduction of Section 13 (f)(3) of the Exchange Act in 1978, the Commission has been responsible for publishing an official list of securities that must be reported pursuant to Section 13 (f)(1). Form 13F requires disclosure of the name and address of the institutional investment manager filing the report and, for each security being reported, specific information, including the name of the issuer, the class, the CUSIP identifier, the number of shares or principal amount, and the aggregate fair market value.

The use of CUSIP identifiers within Form 13F has helped foster market transparency for investors by ensuring uniformity across investment managers reporting their holdings. For example, the CUSIP for Microsoft Common Stock is **594918 10 4**: all investment managers meeting the threshold for Form 13F and owning Microsoft shares use that CUSIP when reporting. This consistent format for reporting has proved both simple and reliable for institutional investment managers and investors alike.

Derivatives Holdings

We are aware that other respondents to the proposed rule change may challenge the proven soundness of the current Form 13F requirements by pointing out a long-standing practice of reporting investment managers: In cases where their holding is a derivative, such as an equity option, investment managers will frequently report using the underlying CUSIP. For example, if a holding is 1000 call options on Microsoft stock with a given expiry date, the reporting investment manager often reverts to CUSIP **594918 10 4** in Form 13F, even though a call option is a distinct financial instrument from the common stock.

While this long-standing practice has never in our experience been cause for concern, it is also easily addressed: valid CUSIPs are available for all listed option contracts traded on US exchanges, including index, equity, and ETF options. ABA/CGS would gladly work with the Commission to add these CUSIPs to the published list of reportable securities as necessary.

³ “...The CUSIP system represents the foundation of the program to improve the speed and accuracy in the processing of securities and transactions involving them. We urge you to build upon that foundation as quickly as possible and again congratulate all of the organizations and individuals who participated in the development of the CUSIP system for their noteworthy achievement.” – SEC Chairman Hamer Budge, June 20th 1969

Additional Identifiers

Item 25 seeks comments on the proposed use of additional identifiers in Form 13F, specifically mentioning the Financial Instrument Global Identifier (FIGI). The FIGI is a product of Bloomberg LP, a global software, financial, data, and media company.

We submit that the use of additional identifiers such as FIGI could prove extremely disruptive to Form 13F reporting and market participants by extension for two primary reasons:

1. Consistency across reporting investment managers

As noted, the soundness and transparency offered by the current Form 13F requirements depend on all institutional investment managers reporting their holdings in a uniform fashion. Returning to the example of Microsoft Common Stock with CUSIP **594918 10 4**, one of the relevant FIGIs is **BBG000BPH459**. If two different investment managers were to report using the different identifiers, the transparency and consistency of Form 13F is quickly lost for all market participants, especially when the difference is compounded over thousands of reportable holdings.

2. Fungibility

One of the hallmarks of the CUSIP system is the critical, industry-driven notion of fungibility: simply put, Microsoft Common Stock is the same instrument for the purpose of unique identification *regardless of the venue of execution*. As such, all reporting investment managers know that holdings of Microsoft are to be submitted with the CUSIP **594918 10 4**.

With other identification schemas, including FIGI, a different method is employed: as indicated in the example above, there are multiple identifiers for the same common stock *depending on the US Exchange where the shares are purchased*. The various FIGIs for Microsoft Common Stock, for example, include:

BBG000BPH9J3

BBG000BPH459

BBG000BPH6D5

BBG000BPH654

BBG000BPH958

BBG000BPHG07

BBG000BPHD40

BBG000BPH583

BBG000BPH8J5

BBG000BPH4R5

Therefore, if one investment manager purchased Microsoft shares on the NASDAQ main market and another purchased Microsoft shares on the NASDAQ PHLX (Philadelphia) market, they could report using two different FIGI identifiers in their respective Forms 13F *even while using the same identification schema*.

This multiplicity of identifiers is a feature of the FIGI system and would likely lead to inefficiency and errors in the reporting and monitoring of investments under management, thus undermining the very purpose of Form 13F.

Summary

Since the implementation of the Form 13F requirements over forty years ago, the format has served the Commission, investment managers, and the investor community well, providing unquestionable consistency and transparency. The universal acceptance of the CUSIP system due to its efficacy is well established. This is not the case for FIGI. The introduction of a second identifier, even if optional for investment managers, would introduce unnecessary ambiguity and confusion for the reasons set forth above while also adding an unknown cost burden stemming from identifier inconsistency

Respectfully,



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