



Filed Electronically

December 17, 2020

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

Re: Proposed Amendments to the National Market System Plan Governing the Consolidated Audit Trail to Enhance Data Security; Release No. 34-89632; File No. S7-10-20; RIN 3235-AM62

Dear Secretary Countryman:

The American Securities Association (ASA)¹ writes to bring to your attention recent events that bear directly on this rulemaking. Last Sunday, government officials disclosed that Russian hackers “broke into a range of key government networks . . . and had free access to their email systems.”² This hack was “one of the most sophisticated, and perhaps among the largest, attacks on federal systems in the past five years.”³ An estimated “18,000 private and government users downloaded a Russian tainted software update . . . that gave its hackers a foothold into victims’ systems.”⁴ The full extent of this historic data breach remains unknown.⁵

This security breach, “believed to be the work of Russia’s S.V.R., a successor to the K.G.B.,” “evaded layers of defenses” and “stunned even experts,” compromising the National Security Agency, the Pentagon, the Department of Homeland Security, the State Department, the Centers for Disease Control and Prevention, the Treasury Department, the Commerce Department, the Justice Department, public utility companies, Fortune 500 companies, defense contractors like

¹ The ASA is a trade association that represents the retail and institutional capital markets interests of regional financial services firms who provide Main Street businesses with access to capital and advise hardworking Americans how to create and preserve wealth. The ASA’s mission is to promote trust and confidence among investors, facilitate capital formation, and support efficient and competitively balanced capital markets. This mission advances financial independence, stimulates job creation, and increases prosperity. The ASA has a geographically diverse membership base that spans the Heartland, Southwest, Southeast, Atlantic, and Pacific Northwest regions of the United States.

² David E. Sanger, *Russian Hackers Broke Into Federal Agencies, U.S. Officials Suspect*, The New York Times (Dec. 13, 2020), nyti ms/3mnzuim.

³ *Id.*

⁴ David E. Sanger, Nicole Perlroth & Eric Schmitt, *Scope of Russian Hack Becomes Clear: Multiple U.S. Agencies Were Hit*, The New York Times (Dec. 14, 2020), nyti ms/3r2O3v0.

⁵ *See id.*





Boeing, and even the Los Alamos National Laboratory, where researchers design nuclear weapons.⁶

According to reports, the scope and magnitude of this breach caused a “sudden panic” in the federal government.⁷ Upon discovering the breach, the Department of Homeland Security immediately ordered “all agencies late Sunday night to shut down any use of a complex piece of network management software made by a company called SolarWinds and installed on networks belonging to government agencies and American corporations.”⁸ But these orders were “clearly too late,” as “[t]he malign code was entered when the hackers broke into the periodic automatic updates of the software.”⁹ Since these intrusions occurred last spring, “hackers have had free rein for much of the year, though it is not clear how many email and other systems they chose to enter.”¹⁰

This breathtaking cybersecurity breach bears an ominous resemblance to the kind of breach that ASA has repeatedly warned will happen if the Commission decides to collect sensitive investor information in the Consolidated Audit Trail.¹¹ It is yet more evidence of the massive cybersecurity risks that are involved in the Commission’s proposal to collect, as “Customer and Account Attributes,” such sensitive personal data as names, addresses, years of birth, account roles, account types, customer types, account opening dates, and large trader identifiers.

In order to best protect America’s mom-and-pop retail investors, ASA respectfully asks the Commission to consider these recent, highly relevant events in its rulemaking and urges the Commission to not collect any of the data elements identified as “Customer and Account Attributes” in its proposed rule.

Sincerely,

/s/ Christopher A. Iacovella

Christopher A. Iacovella
Chief Executive Officer
American Securities Association

⁶ *Id.*

⁷ *Supra* note 2.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *See* Comment by Christopher A. Iacovella, Chief Executive Officer, American Securities Association (Nov. 30, 2020), bit.ly/2LFM5AM.

