



*Via Electronic Submission*

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

December 20, 2021

Re: Electronic Submission of Applications for Orders under the Advisers Act and the Investment Company Act, Confidential Treatment Requests for Filings on Form 13F, and Form ADV-NR, FR Document: 2021-24522

Dear Ms. Countryman:

The American Bankers Association <sup>1</sup>(ABA), jointly with CUSIP Global Services <sup>2</sup>(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 24 under the list of issues requesting comments:

*24. Is there any information currently required that is not useful or does not have a beneficial effect for investors, reporting managers, or other users of the data? If so, are there ways we can enhance the reported information? For example, in addition to, or in lieu of, the CUSIP number for each security, should we permit managers to provide 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*

---

<sup>1</sup> The American Bankers Association is the voice of the nation's \$23.3 trillion banking industry, which is comprised of small, regional, and large banks that together employ more than 2 million people, safeguard \$19.2 trillion in deposits, and extend nearly \$11 trillion in loans. Learn more at [www.aba.com](http://www.aba.com)

<sup>2</sup> 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](http://www.cusip.com)

*a beneficial effect for investors, reporting managers, or other users of the data? What would be the costs associated with obtaining CUSIPs for investments? What would be the costs associated with obtaining a FIGI or other identifier for investments? One commenter on the 2020 Form 13F Proposal stated a belief that requiring a security identifier could increase errors in filings. Do commenters agree? If so, are there measures we could take to mitigate such effects?*

## **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 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 1968<sup>3</sup>. 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

---

<sup>3</sup> “...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 20<sup>th</sup>, 1969

**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.

### **Additional Identifiers**

Item 24 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 more than 100 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.

As the Investment Adviser Association notes in its 2020 public filing - *Form 13F File Numbers have worked well and do not see the need for filers to provide additional identifying information such as CRD numbers and SEC filing numbers. In addition, CUSIP numbers are recognized as a basic and simple way to identify a security. Switching to an alternative identifier would be burdensome and could have the potential for error and thus recommend that the Commission not replace CUSIP numbers with another identifier at this time.*<sup>4</sup>

### **Costs associated with obtaining CUSIPs for investments**

The one-time fee charged to the issuers of securities to obtain a CUSIP identifier are established on a cost-recovery basis and are publicly disclosed [here](#). The data distribution fees charged to users who are given access to the entire database (or subsets) of the CUSIP database, which not only include the CUSIP identifier, but the associated descriptive data, is based on the value extracted for consumers of the CGS Database. This data distribution model based on usage creates parity amongst all consumers of the CUSIP database and is consistent with standard industry practice among data providers, exchanges, and other financial data service providers. CGS has demonstrated transparency and flexibility with its data distribution model over the years. For example, CGS recently modified its public web display policy allowing mutual fund companies, ETF providers and similar collective investment vehicles the ability to display an unlimited number of CGS Identifiers (including their underlying constituents) on their public facing websites without the website visitor needing a direct relationship with CGS, which supports various SEC Rules including 6c-11, 2a-7 and 17g-2.

CGS regularly reviews and, when necessary, will refine our data distribution model based on market developments, like the evolution of technology, while also incorporating industry feedback.

The fees CGS generates under its database distribution business allow for continued reinvestment in initiatives to benefit our customers and industry-at-large. Recent examples include capturing new green and social bond data attributes, creating special government stimulus CUSIP files, exploring data standardization in the digital asset, private equity, and commercial real estate space.

The certainty, reliability, and interoperability benefits of the CUSIP system in our view far outweigh the costs associated with obtaining CUSIP Data.

### **Costs associated with obtaining a FIGI or other identifier for investments**

The FIGI provides some limited and, in our view, inconsequential data fields for “free” – the fee-liable services are where the useful content resides. In order for the FIGI to be of value a user needs to include

---

<sup>4</sup> Comment Letter of the Investment Adviser Association (Sept. 29, 2020), available at <https://www.sec.gov/comments/s7-08-20/s70820-7859973-223872.pdf>

additional reference data elements alongside the FIGI that Bloomberg chooses to only make available in their fee-liable services, so in addition to the disruption FIGI would cause if allowed for 13F reporting purposes, as outlined above, there is also the hidden cost associated with needing the richer content set that is essential to make the FIGI data relevant and usable. A complete reference set for a set of securities is not free, whether using FIGI or not.

While we have no window into the operational model behind the FIGI, or the costs associated with its generation, it should not be lost that the FIGI is backed and promoted by Bloomberg LP, a prominent presence across a broad swath of the financial market data and analytics landscape. Playing a commanding role in so many aspects of the markets, it follows that they can afford the luxury of subsidizing certain ventures and activities with other, lucrative revenue streams...to borrow from Milton Friedman, there's no such thing as a free lunch.

**One commenter on the 2020 Form 13F Proposal stated a belief that requiring a security identifier could increase errors in filings. Do commenters agree? If so, are there measures we could take to mitigate such effects?**

We struggle to understand how increased certainty in the form of an interoperable CUSIP identifier could harm, rather than assist, accuracy, and reliability. Allowing investment managers to continue reporting their holdings with CUSIP would reduce errors in filings as filers have largely complied with the Form 13F reporting obligations by utilizing the CUSIP identifier. The current process works well; why fix what isn't broken? However, allowing multiple, new identifiers in the reporting process would lead to lack of transparency and, as a result, an increase in time spent on cross-referencing and the inevitability of errors thus increasing costs. It would especially put smaller firms at a competitive disadvantage compared with their larger industry peers which have the resources necessary to implement a sophisticated cross-referencing solution.

### 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 burden to regulators and, more importantly, individual investors stemming from identifier inconsistency.

Respectfully,



Tab Timothy Stewart,  
Senior Vice President & Senior Counsel  
Financial Services Standards & Corporate Trust  
American Bankers Association

Respectfully,



Scott J. Preiss,  
Managing Director, Global Head - CGS  
CUSIP Global Services