



Hope M. Jarkowski  
General Counsel  
11 Wall Street  
New York, NY 10005



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**Via Email**

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

RE: Reporting of Securities Loans; File Number S7-18-21

Dear Ms. Countryman:

NYSE Group, Inc. ("NYSE") appreciates the opportunity to comment on the SEC's proposed new rule 10c-1 under the Securities Exchange Act of 1934 regarding transparency for securities loans ("Proposed Rule 10c-1" or the "Proposal"). Proposed Rule 10c-1 would require any person that loans a security ("securities lending transaction") on behalf of itself or another person to report specified material terms for each securities lending transaction and related information to a registered national securities association ("RNSA"). Proposed Rule 10c-1 would also require that the RNSA disseminate certain information concerning each securities lending transaction to the public.

For the following reasons, NYSE is supportive of the Proposal and commends the Commission's desire to improve transparency for securities loan transactions.

***Transparent Markets Are Critical to the Success of the U.S. Equity Markets***

For decades, investors and issuers have benefited from the real-time reporting of trades in and quotes for exchange-listed cash equity securities on the Consolidated Tape, which provides a simple, low-cost mechanism for understanding prevailing market prices for such securities. By contrast, while short selling is an essential practice for liquidity, price discovery, and risk management, the securities lending market on which it depends is opaque and inefficient.

Section 984(b) of the Dodd-Frank Act provides the SEC with authority to tackle the lack of stock lending transparency. Section 984(b) of Dodd-Frank directed the SEC, not later than 2 years from the date of enactment, "to promulgate rules that are designed to increase the transparency of information available to brokers, dealers, and investors with respect to the loan or borrowing of securities." While the SEC has advanced aspects of Section 984 in crafting requirements for certain investment funds, it has yet to implement requirements for broker-dealers in this area.

The Proposal would establish a system for the reporting and dissemination of the material terms of securities lending transactions without attribution, providing issuers, investors, and regulators the necessary data to better assess the risk and return of establishing or closing a short position, while protecting the identity and intellectual property of any individual market

participant. Accordingly, the NYSE believes that Proposed Rule 10c-1 represents a properly-tailored way to bring more transparency to this dark area of the market.

***Proposed Rule 10c-1 Would Benefit Investors and Issuers***

Today, FINRA collects cash equity security short position information from its member firms twice a month, but this aggregate and significantly delayed data is insufficient for market participants or regulators to understand how supply and demand are changing for stock loans in an actionable fashion. Overall, investors would benefit from more timely, complete, and visible data regarding securities lending transactions in individual securities, both directly, by anticipating changes in liquidity through evaluation of the public data, and indirectly, from better informed regulatory activity made possible from the private data provided to the RNSA.

Public companies also utilize available short-sale data published by self-regulatory organizations to evaluate the market outlook and anticipate developments with respect to their securities. While this current information allows issuers to discern the aggregate quantity of short positions in their securities, the information is currently only provided on a delayed basis. From the perspective of issuers, the proposed reporting requirements and public disclosure of securities lending transactions would improve their ability to analyze and understand market movements in their securities.

***Proposed Rule 10c-1 is Properly Designed to Protect Confidential Information***

Public disclosure of short-sale positions has often been described as a threat to proprietary investment strategies, which might allow for copycat traders and otherwise harm the interests of institutional investment managers. We expect that the same confidentiality concerns may be raised by market participants with respect to securities lending transaction disclosures underpinning short-sale activity. Proposed Rule 10c-1(e)(3) guards against this concern by providing that all identifying information about lending agents, reporting agents, and other persons using reporting agents, would not be made publicly available and the RNSA would be required to keep such information confidential. Thus, the investment strategies of market participants would be appropriately protected through reporting and dissemination of securities lending transactions on an unattributed basis.

Respectfully submitted,



Hope M. Jarkowski

cc: The Honorable Chair Gensler  
The Honorable Hester Peirce  
The Honorable Elad Roisman  
The Honorable Allison Lee  
The Honorable Caroline Crenshaw  
Haoliang Zhu, Director, Division of Trading and Markets  
David Saltiel, Deputy Director, Division of Trading and Markets