



Federated Hermes, Inc.
1001 Liberty Avenue
Pittsburgh, PA 15222-3779

January 7, 2022

VIA E-MAIL RULE-COMMENTS@SEC.GOV

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

Re: Reporting of Securities Loans (File No. S7-18-21)

Dear Ms. Countryman:

Federated Hermes, Inc. (“Federated Hermes”) appreciates the opportunity to comment on the Securities and Exchange Commission’s (the “Commission” or the “SEC”) proposed Rule 10c-1 under the Exchange Act of 1934 (the “Proposed Rule”). The Proposed Rule purports to improve the reporting of securities loans and provide investors and other market participants with access to pricing and other important data about securities lending activity in a timely manner. While Federated Hermes supports the Commission’s efforts to improve market transparency regarding securities lending transactions and increase the amount and availability of data for the securities lending market and lending practices, we have concerns with certain aspects of the Proposed Rule. Our chief concern is that the Proposed Rule imposes impractical reporting requirements that are likely to increase transaction costs and undermine an important source of potential fund income.

The requirement to report securities loans within 15 minutes of “being effected” or modified does not appear to reflect the reality that the terms of securities loans are fluid and frequently modified throughout a business day. Thus, it is difficult to identify a particular intraday point that a given loan has been “effected”. Even if such an intraday point could be determined, 15 minutes is too short of a timeframe to collect and accurately report the required transaction data. Moreover, there appears to be no limiting principal for the scope of the transactions subject to reporting. Given the imprecision of defining the exact intraday moment at which a lending transaction is “being effected”, the frequency with which the transaction details are modified, and the seemingly unlimited scope of reporting, the new reporting requirements are bound to be both expensive and operationally difficult to implement. Consequently, we anticipate that they are likely to significantly increase transactional costs, potentially offsetting any additional income generated by securities lending, and therefore adversely impacting shareholder returns. Federated Hermes, like many fund complexes, also has concerns relating to the public disclosure of confidential transaction information.

As such, Federated Hermes fully endorses and supports the comments and positions of the Investment Company Institute (“ICI”) as set forth in its letter dated January 7, 2022. In particular, and without limiting the foregoing, Federated Hermes agrees with the ICI’s positions on: (i) lengthening the implementation period by adopting a phased-in approach that initially limits the scope of securities to apply only to equities; (ii) limit reporting only to traditional lending arrangements made pursuant to the Master Securities Loan Agreement; (iii) implement a *de minimis* threshold for reporting; (iv) clarifying certain elements of the proposed rule, such as the reporting obligations and cross-border ramifications; (v) adjusting its definition of “available to lend” to better reflect market operations (as explained in further detail by the ICI); (vi) adopting the ICI proposals to protect confidential data and to lengthen the implementation period. Federated Hermes supports adoption of the Proposed Rule with these and the other targeted amendments recommended by the ICI.

Federated Hermes hopes that the Commission finds these comments helpful and constructive and is happy to provide additional information relating to our comments or discuss any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter J. Germain". The signature is fluid and cursive, with a large initial "P" and a long horizontal stroke at the end.

Peter J. Germain
Chief Legal Officer

cc: The Honorable Gary Gensler
The Honorable Hester M. Peirce
The Honorable Elad L. Roisman
The Honorable Allison Herren Lee
The Honorable Caroline A. Crenshaw
Mr. William A. Birdthistle, Director of the Division of Investment Management