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November 1, 2022

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

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

Dear Ms. Countryman:

The attached white paper supplements our previous comments by incorporating the views of other industry experts and market practitioners. In essence, we believe that improved communications, perhaps using SWIFT's new Securities View capability, may offer the best opportunity for the industry to attain the Commission's goals.

Designers of distributed ledger technologies will be able to use the SWIFT network with unique transaction identifiers (UTIs) to improve communications among participants in the loan chain.

If successful, SWIFT Securities View and SWIFT Application Programming Interfaces can link to the industry's legacy systems to capture loan and trade details. Clearly, the more quickly recalls and redemptions can be processed, the more likely the post-trade process will run smoothly. That will facilitate the reporting of short sales and securities loans.

Within a larger context, the industry's ability to improve the tracing of loaned securities by matching the UTIs can lead to even more revolutionary solutions to complex problems. We are very proud to be able to assist in the effort to improve risk management in securities finance.

Sincerely,

Edmon W. Blount
Founder and Director Emeritus

Attachment: Inquiry into the Potential for SWIFT-based Solutions to T+1 Fails in Securities Finance

CSFME

Inquiry into the Potential for SWIFT-based Solutions to T+1 Fails in Securities Finance

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Guiding Principles

Version 1: November 2022

CENTER FOR THE STUDY OF FINANCIAL MARKET EVOLUTION
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Forward

The U.S. equity market is being transformed, partly in reaction to the massive January 2021 short squeeze. In particular, Congress has directed the Securities and Exchange Commission (SEC) to modernize the post-trade disclosure and settlement process, including within securities finance.

The SEC has issued new rule proposals expanding market data submission requirements. Concern has grown among banks and brokers that the new rules will not work within their legacy systems and failed trades may rise to intolerable levels.

At a recent securities lenders' conference, service providers presented their concerns about potential reporting and IT problems. Bankers agreed that asset managers and service providers need a better operating and messaging network to connect their legacy systems and process loans in a T+1 regime.

One solution recently proposed is SWIFT Securities View, using a unique transaction identifier that can be used to inform their 11,000 network members. This paper presents research input and guiding priciples for testing the SWIFT solution.

I. Trapped in the Middle

''Renegotiations in price and quantity among counterparties take place every day, so the final data points may not be known until settlement date.'' [1]

Lending agents worry fails will alienate their largest clients

Failed deliveries are hard to research and often costly to resolve. To avoid problems, lending agents can increase their restrictions on portfolio availability, known as holdbacks, in order to increase the possibility of substitutions and lower the risk of fails. However, any increase to the level of holdbacks will reduce the earnings of lenders and service providers, while raising fees for borrowers, all due to falling liquidity.

A solution to the fails problem will require a better way of alerting the agent as soon as the sale contract is linked to the borrowed securities by the investment manager's operations staff. To the extent that an order to sell the securities on loan can also be transmitted to the lending agent, operations staff can have even more time to "clean up" their books.

Ongoing adjustments distort intraday data on loans

The SEC has asked for intraday reporting of loans, but a panel of industry experts agreed that intraday reporting of securities loans can be inaccurate simply as a result of ongoing trade corrections by the operations staff.[1]

The degree to which lending agents and brokers use reallocations and substitutions as buffers to reduce fails, along with holdbacks, is unknown, partly because there is no reporting - to the SEC's implicit point.

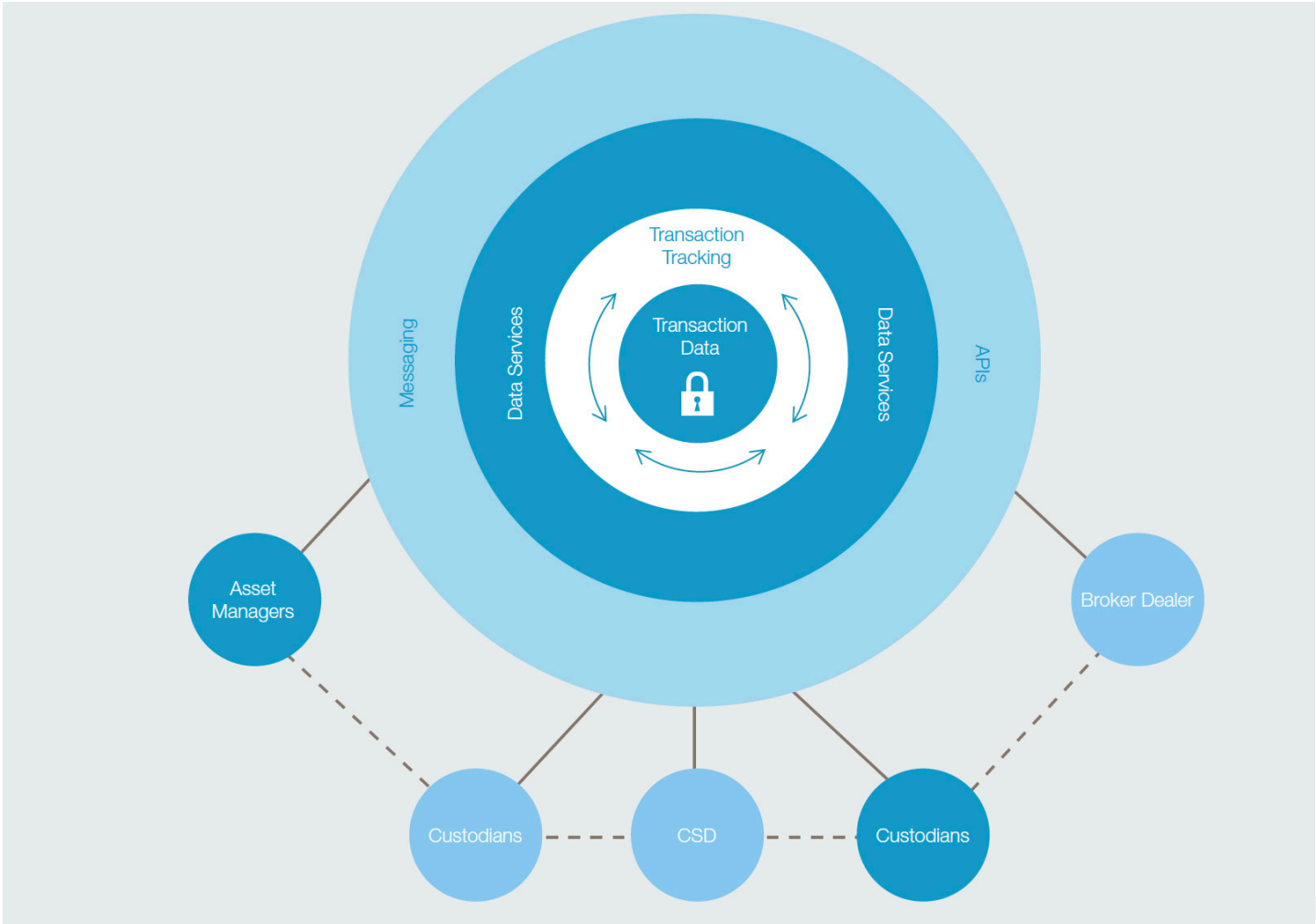
Without improved communications and understanding of the market's latent resiliency, the practical result of the SEC's reform agenda may actually be a loss of market liquidity, thereby increasing systemic risks.

Workstreams zero in on reallocations and recalls

‘‘Investment operations managers may complain to beneficial owners if too many trading fails result from loan recall failures. If there’s too much heat, the beneficial owners may close their lending programs. And that will affect market liquidity.’’[1]

If lending agents do not learn of the sale of borrowed securities until after the market is closed, the sale will fail unless substitutions are located. A tech solution to that problem is the goal of this research program. Recalls will be automated at banks, predicted one panelist.[1] Yet, the path of least resistance for compliance reporting by legacy systems may simply be a bolt-on, purpose-built recall engine, as discussed in the technical appendix to this paper. Internal checks and balances tend to slow the path for legacy recall systems, often because the recordkeeping for many of mission critical tasks is still dependent on batch runs and end of day trading results. In addition, the borrower has the contractual right to return the recalled position in accord with the market’s standard cycle, as discussed on page 13. But if borrows aren’t recalled until after trade date, the fail will roll forward into the daily netting process.

Unique Transaction Identifiers can keylink SWIFT layers in every loan programming stack



II. Defining the Problem

Regulatory rule proposals compel market participants to upgrade their IT systems

"When the Borrower receives a recall notice from the Lending Agent, it will seek to source replacement securities to satisfy the delivery requirement. If the Borrower is unable to borrow the securities, it will be required to buy them in the market. All of this takes time, even in the most automated world . . ."[4]

Financial Information Forum to the SEC, April 25, 2022

The SEC has proposed a series of transparency and trade settlement proposals aimed at reducing overall market risk. These include a new requirement to disclose the details of securities loans, amendments to Reg. SHO requiring monthly reports providing extensive information on specific "large" short positions and short sale transactions, and a proposal to shorten the U.S. securities settlement cycle by one day to T+1.[2]

The risk reduction goals of the SEC's reform agenda have been praised by bankers. However, if enacted as proposed, the necessary disclosure and operating protocols could cost asset managers and their beneficial owner clients at least $350 million to build, $125 million to operate and, perhaps, much of their annual income.[3] For many managers, especially index fund managers, that loss will hurt their performance rankings.

If these reforms are not implemented carefully, lenders and their service providers will have to absorb the cost of higher fail rates. Those costs could be fatal for lending agents. Fail volumes will rise without the systems and linkages to retrieve borrowed securities in time to settle their clients' sales.

It is the length of the standard settlement cycle that creates the potential for fails when a lender sells a security on loan. In the past, economies of scale have driven every major service provider's securities lending business models. As a result, banks and brokers have developed vertical silos to process the enormous transaction volumes.

Just as the Covid-19 pandemic has exposed the vulnerability of "just-in-time" supply chains, the compressed settlement cycle will disrupt the silos in those old business models by emphasizing distributed rather than concentrated workloads.

Many breakdowns are communications-related, so messaging systems are central to any solution.

Let's not get stuck in old tools to manage the current risk framework. Use the tools that are currently in place, and then, once you've used those to identify your risk, keep using them to monitor, mitigate and assess those risks. Because if you try and take the current work environment and apply it as a management framework that was really built for the old work environment, then you're not going to be very successful.

Philippa Girling, Varo Bank Chief Risk Officer[5]
Vice-chair, RMA Operational Risk Committee

Many bankers have warned the SEC that widespread breakdowns can be expected if legacy systems are expected to meet the T+1 challenges. Beyond the agents, bankers have also predicted that the SEC's rule proposals will impose tremendous burdens on investment managers, including hedge fund managers and family offices, as well as broker-dealers and other market participants.

The consensus is that new approaches based on distributed ledger technologies will be needed.

Due to the bank regulators' reform agenda, increased capital charges may even cost lenders their borrower default indemnifications from bank lending agents.

Despite all these problems, the industry may already have the tools to remedy matters with one change: copy the lending agent on all trades involving borrowed securities. That sounds simple, but at present it would be like passing notes between windows in silos. Loans pass through a lengthy chain of intermediaries, as described below. Fortunately, a remedy may have arrived just in time: **SWIFT Securities View**.

SWIFT states that the new utility is intended to "address a lack of visibility post-trade by allowing market participants to track securities transactions from end-to-end throughout the life cycle and across multiple intermediaries, allowing them to take pre-emptive aciton to prevent fails."

Initially, SWIFT is offering Securities View for the front-end trading lifecycle. But the features are relevant to securities finance, although many in the industry will need new systems and application programming interfaces to take advantage of this innovation.

Loan Chains can overlap when borrowed securities are sold by the lender

Loan chains in a T+1 Settlement System

	T+0	T+1	T+2	T+3	T+4
HEDGE FUND MANAGER	1a. Sell Short	5. Settle Short Sale	9. Buy-to-Close	13. Replace Borrow	
PRIME BROKER	1b. Execute Trade	2a. Borrow; b. Settle	8. Forward Recall	12. Receive and Relay	
AGENT LENDER		3. Lend as Available	7b. Receive ISO 15022 MT; Recall Loan	13. Receive BTC MT; Notify Collateral	
CUSTODY BANK		4. Deliver vs Collateral	10. **FAIL** at CSD	14. Return Collateral	
INDEX / ETF MANAGER		6. Sell Long	11. FAIL w/Credit		
PENSION FUND			7a. Enable SWIFT for Agent		

If the agent doesn't learn of the sale on trade date, the trade will fail, unless substitute securities can be found.

A securities loan chain begins when an asset manager 1a) sells short a position that a Prime Broker 1b) executes but is unable to use existing inventory for settlement. Therefore, the Prime Broker queries an Agent Lender to 2a) borrow securities and 2b) settle the trade. The Agent Lender 3) sends an instruction to the Custody Bank, who 4) delivers the position to the Prime Broker's account at the central securities depository (CSD). As a result, the Hedge Fund manager is 5) credited with the cash from the settled short sale.

Meanwhile, an Asset Manager for the pension fund has also decided to 6) sell the long position that was just placed on loan. All loans are subject to immediate recall. The pension fund doesn't want its asset manager sale to fail to deliver, so it has 7a) approved the Agent Lender as an "interested party" on the trade confirmation (MT) for the long sale. Now the Agent Lender must recall the securities from the broker. First, the agent searches its own available inventory. If no positions are available to substitute in the loan, then a reclaim notice is 8) issued to the Prime Broker.

The asset manager will be a very unhappy customer if the Prime Broker presents a recall notice, forcing a 9) buy-in of the delivered securities before the manager's trade has ended. However, standard practice gives the manager enough time to settle the purchase in the market venue's normal course.

As a result, unless the Agent Lender receives an advice on trade date, the Custody Bank will not receive the securities from the borrower and the sale will 10) fail to settle. However, the asset manager's trade will fail BUT the Custody Bank will 11) credit the account on contractual settlement date, if that option has been selected in the bank's contract.

The prime broker will 12) return the securities to the custodian after 13) settlement of the Hedge Fund manager's buy-in. The global custodian will 14) settle the asset manager's sale at the central securities depository, thereby 15) covering the asset manager and crediting its contract-settlement-fails account with the collected proceeds.

Recall and Buy-in Notices must be captured before passing through loan chains

‘‘The rationale for this transfer of information is clear and we would support industry efforts to standardize and automate such flows.’’

BNY Mellon, 2015[6]

Recall and buy-in notices must first pass through two chains: a horizontal chain to enable the transfer of information between trading parties, and potentially through a chain of trading parties and a vertical custody chain in a highly automated manner.

Since trading parties have the right to amend or even cancel their contracts, the information must be seen as trading-related. Therefore, service providers believe it should be collected at the trading level. Trying to collect it at the settlement level inevitably generates major challenges.

By industry practice, buy-in notices must have the original securities settlement instructions (SSI), matching status of such instructions, information on failed settlement, cancellation requests, and confirmations of SSI cancellation or of SSI settlement; as well as the buy-in SSI notification itself, the pass-on of a buy-in SSI notification, and the initiation, execution and results of a SSI buy-in process. Securities View would have to link those terms to the UTI for the original loan.

Part of the practical challenge is that settlement chains are dynamic. CSD algorithms may settle some transactions in a failing chain, so that the shape of the chain may change over time. Chains can also change during the course of a buy-in process.

Some transfers in a failing settlement chain may not be protected under a rules-based CSDR buy-in obligation. Failed transfers may also have claims from other buy-in regimes. The timing of those other grace periods and buy-in processes may well be different.

Cross border chains cross several CSDs so that, for investigations with multiple pass-ons, inconsistent or contradictory trade information might be sent to the CSDs.

The post-trade challenge is more difficult in securities finance.

"While the securities industry has improved automation and straight-through processing rates over the past decades, transparency and end-to-end visibility on the status of transactions along the settlement and reconciliation value chain continues to be a challenge."

SWIFT, "Solving the Post-trade Transparency Challenge,"

Discussion paper January 2022[8]

Fails can begin in the securities financing markets when borrowers are unable to return securities on loan in time to settle the sale of those securities in the cash market. Timely settlement free of operational concerns is a basic expectation for asset managers.

Regulators also expect service providers to work out practices to minimize operatioinal problems, too. For that reason, brokers and agents try to swap an available position before a recall goes overdue. That all works well now, but for the reasons cited throughout this paper, the challenges of operating in an accelerated U.S. market cycle will require wise recruiting and significant capital expenditures by service providers.

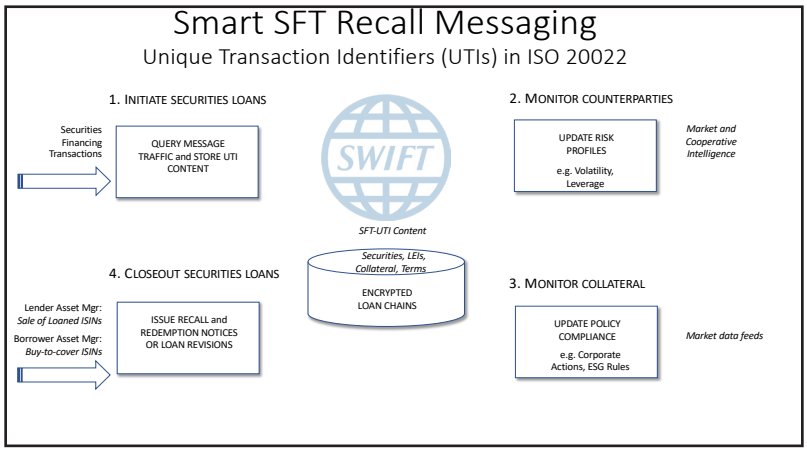
Global custodians have for decades offered a service to credit their big institutional accounts on contractual settlement dates in certain markets regardless of a trade's actual settlement date. Bankers are warning that the cash flow model used for pricing the contractual settlement date accounting' services is about to be upended by an expected surge in T+1 receivables due to failures to receive loaned securities. The custodian banks will be financing positions that may grow by increasing orders of magnitude. The banks will likely insist lending agents share the expense or curtail support for contractual settlement date accounting.

Lending agents receive overnight sales reports from their institutional client-lenders' custodians, alerting the agent's operations staff to the fact that the client's asset manager has sold borrowed securities. Unless another source is available, the agent must then recall the securities from the borrower so that the custodian can make delivery on the sale by the settlement date.

Since the securities were likely to have been used by the borrower to make delivery on a short sale, the industry's standard practice calls for the agent to allow borrowers to return securities as per the settlement cycle in the original market.

III. Mapping Out Potential Solutions

SWIFT supports the Unique Transaction Identifier as a "key enabler of change.'



The benefits of UTI adoption, per SWIFT:

- **A reduction in the number of pre-settlement matching and timing exceptions that require active investigation with a counterparty by 50%.**
- **A reduction in the number of matching or timing fails by 90%.**

SWIFT members "will explore and harness the opportunities to create transparency and efficiency across the post-trade settlement and reconciliation value chain."

SWIFT messaging is layered into every application stack that touches the securities lending process. Standardized application programming interfaces (API) for SWIFT messages make connectivity relatively straightforward, although the hub might be be located elsewhere in the organization.

A SWIFT working group has assessed the challenges and opportunities of adopting a unique transaction identifier. "Industry-wide adoption would require an initial investment by financial institutions to implement it across various systems. [However] The UTI has the potential to be a key enabler of change for the securities industry as a whole."

"If we take the ESMA statistics as a representation of fails at the global industry level, an average of 5% to 10% of equity settlements fail and an average of 2% to 4% of bond trades fail. This may not seem like a lot, but it adds up to billions in operational costs and fees."

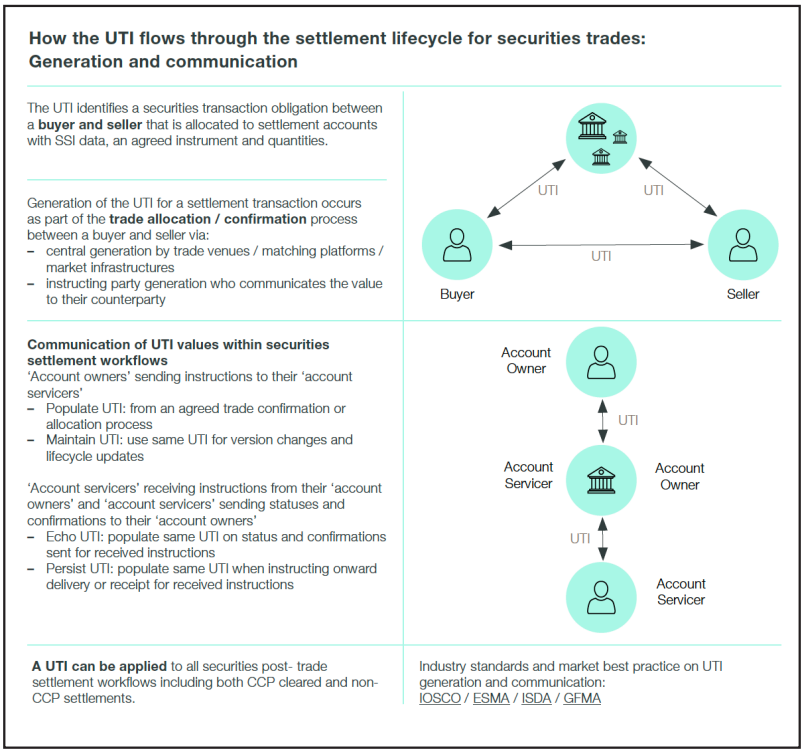
Along with the significant cost savings that come with reduced investigations and fails, SWIFT says that industry adoption of the UTI would also reduce operational risk, improve traceability and transparency across the post-trade lifecycle, enable improved client service, and support the industry's digital transformation agenda overall.

SWIFT Securities View Pilot

‘‘SWIFT Securities View does more than just empower our customers to identify and rectify discrepancies in settlement transactions. It sets the blueprint and foundation for a new industry standard to radically transform the industry.’’

Vikesh Patel, Head of Capital Markets Strategy, SWIFT

“Along with the significant cost savings that come with reduced investigations and fails, industry adoption of the UTI would also reduce operational risk, improve traceability and transparency across the post-trade lifecycle, enable improved client service, and support the industry’s digital transformation agenda overall.”



September 28, 2022 08:00 AM Eastern BRUSSELS, Sept 23, 2022 -- (BUSINESS WIRE)--SWIFT today announces the successful pilot of SWIFT Securities View, a new capability that significantly increases transparency in post-trade processing and helps prevent costly settlement fails. The new service, which will be available for broad adoption in 2023, addresses one of the biggest challenges in the securities industry.

The lack of visibility after a securities transaction takes place means that there is no way of tracking all the steps in its lifecycle across multiple intermediaries, increasing the risk that a security may not be in the right place at the time of completion. This leads to settlement fails that add operational costs of some USD 3 billion a year for the industry as well as regulatory penalties such as those introduced by Central Securities Depository Regulation (CSDR) in Europe earlier this year.

SWIFT Securities View gives market participants a clear view of all the steps in the settlement journey and enables them to identify trades at risk of failing, including early detection of any discrepancies between buy-sell instructions, so they can take pre-emptive action. It does so by leveraging an ISO-standard Unique Transaction Identifier that links messages related to the same securities flow, enabling automated tracking of both sides of the transaction by all market participants involved, similar to the tracking of a package via a postal delivery service.

As part of its strategy to enable instant, frictionless and interoperable transactions globally, SWIFT is encouraging universal adoption of the transaction identifier to achieve standardised data use across the post trade lifecycle. This will bring increased transparency to securities transactions, help reduce risk, and support innovative new services. The pilot included the following market participants amongst others: ABN Amro Clearing Bank; BlackRock; BNP Paribas; BNY Mellon; Citi (Securities Services and Global Markets); Credit Suisse; Euroclear; Euronext; HSBC; J.P.Morgan; Northern Trust; Optiver; Pershing; and SEB.

"Buy to Cover" – The Holy Grail of T+1?

''Broker-dealers typically do not have access to real-time customer short and long positions for institutional accounts. The only reliable way a broker-dealer could report the buy to cover order marker for an institutional account would be to rely on information provided by the institution (as is the current practice for sell order marking). ''[9]

Financial Information Forum to the SEC, April 25, 2022

A smart contract on a shared ledger may be able to link enough SWIFT nodes in the post-trade lattice to alert agents to trades of borrowed securities.

The SEC has proposed that brokers file a report when their customers buy shares to cover a short position. That report would be very helpful to lending agents for advance warning of pending redemptions to the collateral pool.

Asset managers sometimes help with recalls by using SWIFT messages to inform the agent as an "interested person" when loaned securities have been sold. A similar process could inform the lending agent when a borrower purchases shares to cover the short and close the loan. However, many messages are delayed until after the markets are closed, so the redemption could only be processed on the next trading day, adding to the backlog.

In a T+2 market cycle, operations units generally have enough time to resolve timing problems or minor inaccuracies in contract terms. But the shortened market cycle can expose dependencies on lending and custodial systems that may work very well under present conditions, but not in a T+1 cycle.

Few if any legacy systems can manage intraday reporting on a T+1 basis. Agile communications through horizontal chains of financial actors will have to fit better into the vertical chains typical in the industry.

Without major upgrades to their systems, the number of fails is feared to increase dramatically when the settlement cycle is shortened.

The most demanding tests of securities systems develop during market breaks or short squeezes. Volumes can soar if borrowers decide to take profits and return their securities all at once.

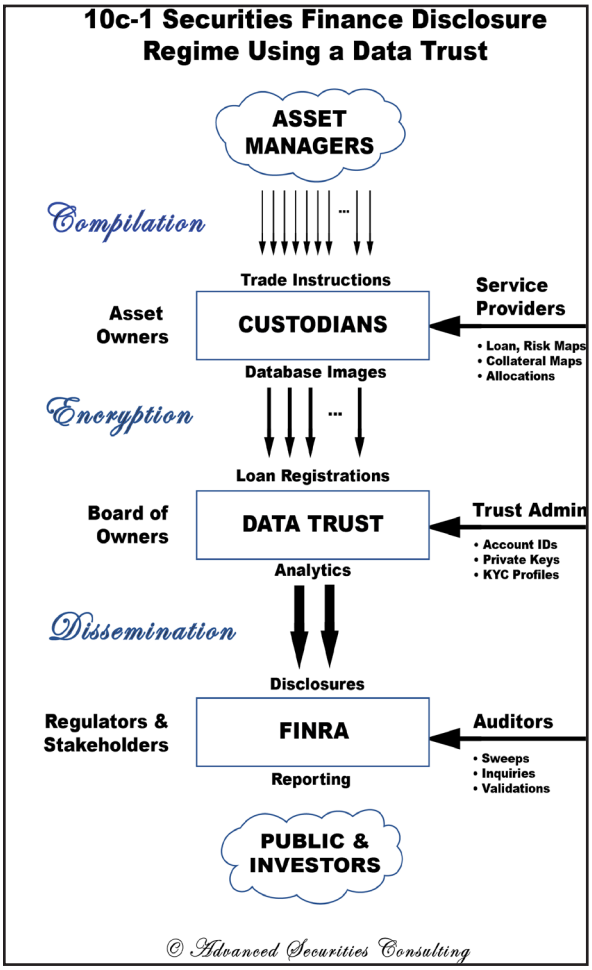
Without advance warning, collateral managers may find reinvested cash instuments to be illiquid when redemptions are off the charts. At that point, the buy-to-cover message would be invaluable to lending agents, and also to the market.

The **Technical Appendix** to this paper provides a useful guide for data scientists tasked with the necessary upgrades.

Securing Encrypted Data in Trusts can Preserve Owners' Confidentiality

"[T]he SEC should take steps to ensure that the data it publishes does not discourage or impair institutional investment managers' use of trading strategies that include short positioning, in order to protect proprietary trading strategies."

Valerie Dahiya, Partner, PerkinsCoie, Washington, D.C., April 26, 2022[11]



Both the public and private sectors are embracing data trusts

The SEC has proposed to publish data based on information reported on revised Form SHO. The SEC proposes to publish aggregates and values of all short positions by asset managers as of the close of the reporting period. However, there is concern that the data could help copycats to reverse engineer proprietary trading strategies. That might tend to discourate asset managers from using strategies that depend on short positions and defeat the SEC's goals by reducing the market efficiencies linked to short sales.

Even if it were not possible to reverse engineer the trading strategy of a specific institutional investment manager, as noted by attorneys, the data itself is owned by the managers since it was produced by the trading strategies.

A potential solution may exist in the form of data trusts, the evolving legal structure being used by municipalities, hospitals and others to preserve the confidentiality of personal metrics collected by online data vendors.[10]

A data trust is an innovation listed by the Massachusetts Institute of Technology as one of the ten most significant breakthrough technologies of 2021. Its legal structure fuses contemporary notions of privacy controls on "Big Data" with traditional trust laws and fiduciary duties.

Every data trust's central organizing principal is that the trustees are instructed to use their data assets for the owners' exclusive benefit. To achieve that purpose, the trust owners define rules for data usage. With those policies in place, the governing body takes responsibility for enforcing access security. As in most institutional trusts, a board of trustees usually outsources the asset (data) safekeeping and delegates its management to trusted contractors.

In the near future, forensic and data analysts will use these data assets within trusts to deploy smart contracts to evaluate credit access and perform otherwise impossible tasks. Their algorithms and oracles will help to categorize loans, rate policy documents, and then post encrypted transaction records to shared ledgers.

Standard contracts will have to be re-specified for T+1

SWIFT messaging triggered by smart contracts can help post-trade visibility by allowing members to track securities transactions from end-to-end throughout the life cycle and across multiple intermediaries, enabling pre-emptive action to prevent fails.

The T+1 settlement cycle will require new terms for securities lending contracts written for an earlier market system. Many agent-lender contracts have not been renegotiated since the immediate post-crisis period. However, this may provide an opportunity to install smart contract elements in a lending program.

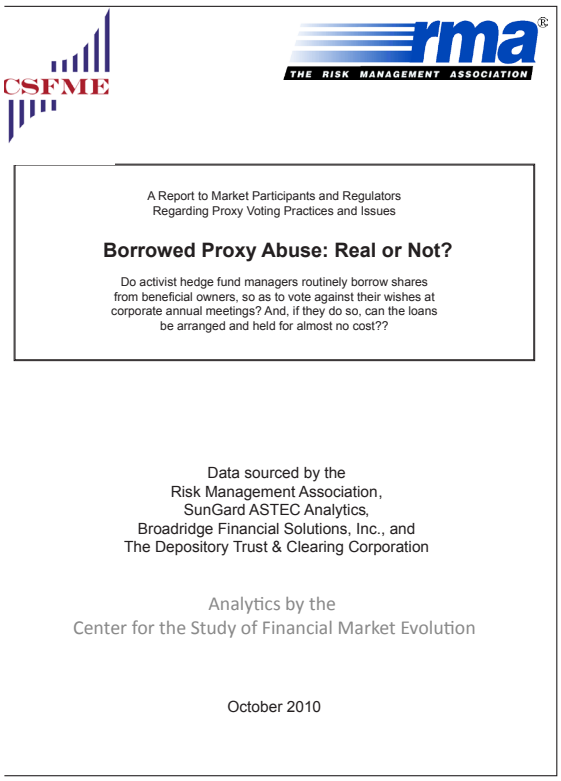
Settlement times and grace periods may no longer serve the contractors' interests in a T+1 market. For example, Section 8.1 of the Global Master Lending Agreement (GMSLA) allows a lender to terminate a non-term loan and call for equivalent securities on any business day. But the terms give borrowers a "standard settlement" cycle to return securities. If the standard cycle (plus any grace period) is cut in half to T+1, contract provisions based on such terms as "reasonable" may have new meaning in the accelerated timeframe.

Emerging technologies and smart contracts can offer lending agents the ability to use the SWIFT network to transition the GMSLA into a T+1 settlement cycle. For example, a securities lending smart contract could be added as a rider to the existing text-based GMSLA, with computer code giving effect to the aspects of compliance and risk management described above. In addition to the SWIFT initiative, recent work by trade groups to create a standardized securities lending contract taxonomy library will enable the GMSLA provisions to be converted, within limits, from language-based covenants into self-executing computer code.

By employing modular, repeatable, and autonomous scripts, smart contracts can be used to operationalize and automate aspects of these commitments. However, smart contract code will have to be crafted by experts with extensive knowledge of the operations and risks associated with agency lending programs. Smart contracts are not merely electronic transfers but sophisticated programs to monitor and respond to changing conditions, so human input and control will be necessary.

Among other considerations, data scientists and engineers who design smart contracts for securities lending must have a full understanding and historical perspective on the degree to which circumstances have changed in the past, as for example Lehman and Archegos collapses, so as to anticipate the potential range for their data variables.

IV. About the Center for the Study of Financial Maket Evolution



CSFME's rebuttal to academic charges of market manipulation by hedge funds included a data-driven study presented to the SEC and United States Senate. The study is available on the SEC's website.

CSFME is an independent, nonprofit organization in Washington, D.C., whose mission is to improve transparency, reduce risks, support research, and promote sound regulation of financial markets. It does so by conducting data-driven analysis, providing investor education and out-reach, and supporting regulatory reviews in opaque markets.

The Center serves individual and institutional investors, banks, brokers, other financial market participants, academic institutions, and government regulatory agencies. Since its founding, CSFME has focused its research on securities lending, repo, and securities finance activities and has a long history of working with securities lending data. Our principals have more than 45 years of directly relevant experience in evaluating securities finance transactions and securities lending programs.

Prior to forming the Center, CSFME's founder created the first securities loan pricing and benchmarking systems and pioneered many of the securities lending metrics used today.

Since the 2008 financial crisis, CSFME has closely monitored efforts to bring securities lending out of the stigma of "shadow banking."

Recommendations have been made by global standard-setting bodies, including the Financial Stability Board and Basel Committee on Banking Supervision, as well as government data-gathering agencies, such as the U.S. Office of Financial Research. Regulators have responded with new disclosure regulations, most notably the Securities Finance Transaction Regulation ("SFTR") of the European Securities Markets Authority. The Center has provided extensive feedback on the various securities lending regulatory frameworks proposed as well as substantive comments on details of models and pilots for data collection.

The Center has provided written commentary and met with the U.S. Securities and Exchange Commission's (SEC) staff to provide input on work on implementing aspects of Section 984(b) of the Dodd-Frank Act, including an August 6, 2021 letter to the SEC Chairman Gensler wherein we advised the Commission of our research plans. Lately, we have also submitted comment letters on the SEC's proposal for securities lending disclosure.

Endnotes

1 Risk Management Association's 37th Annual Finance and Collateral Management Conference, October 10 - 13, 2022, The Ritz-Carlton Key Biscayne Miami, Key Biscayne, FL

2 See, respectively, Reporting of Securities Loans, Exchange Act Release No. 93613 (Nov. 18, 2021), 86 FR 69802 (Dec. 8, 2021), Short Position and Short Activity Reporting by Institutional Investment Managers, Exchange Act Release No. 94313 (Feb. 25, 2022), 87 FR 14950 (Mar. 16, 2022), and Shortening the Securities Transaction Settlement Cycle, SEC Rel. Nos. 34-94196, IA-5957 (Feb. 9, 2022), 87 FR 10436 (Feb. 24, 2022).

3 See Cost Benefit Analysis, Shortening the Securities Transaction Settlement Cycle, SEC Rel. Nos. 34-94196, IA-5957 (Feb. 9, 2022), 87 FR 10436 (Feb. 24, 2022).

4 Financial Information Forum, Comment letter to the SEC, Short Position and Short Activity Reporting by Institutional Investment Managers, April 25, 2022, *https://www.sec.gov/comments/s7-08-22/s70822-20126605-287256.pdf*

5 RMA, Operational Risk Management: An Interview with Varo Bank Chief Risk Officer Philippa Girling, https://soundcloud.com/user-524270410/operational-risk-management-an-interview-with-varo-bank-chief-risk-officer-philippa-girling

6 BNY Mellon, Comment Letter to ESMA, Regulatory Technical Standards on the CSD Regulation - The Operation of the Buy-in Process (EMSA/2015/1065) https://www.esma.europa.eu/press-news/consultations/consultation-draft-regulatory-technical-standards-csd-regulation

7 *Id.*

8 SWIFT, Discussion Paper: "Solving the post-trade transparency challenge, January 26 2022 https://www.swift.com/news-events/news/solving-post-trade-transparency-challenge

9 Financial Information Forum, Comment letter to the SEC, Short Position and Short Activity Reporting by Institutional Investment Managers, April 25, 2022, *https://www.sec.gov/comments/s7-08-22/s70822-20126605-287256.pdf*

10 A "data trust" is established when separate entities place data under the control of a board of trustees (or other governing body) with a fiduciary duty to manage and safeguard the data in the interest of the data owners.

11 Valerie Dahiya, Perkins Coie, Comment Letter to the SEC, April 26, 2022, https://www.sec.gov/comments/s7-08-22/s70822-20126839-287549.pdf