



November 23, 2021

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

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

Dear Ms. Countryman:

On behalf of their memberships, the Securities Industry and Financial Markets Association, the SIFMA Asset Management Group, the Risk Management Association, the Managed Funds Association, the Investment Company Institute, the Investment Adviser Association, and the Security Traders Association (together, the “Associations”) respectfully request that the U.S. Securities and Exchange Commission (“Commission”) extend the comment period for the above-referenced proposal (“Proposal”) from the current 30-day period to a 90-day period from the date of publication in the Federal Register to provide the industry and the public with a more appropriate time period in which to evaluate and comment on the Proposal.¹ Given the scope and breadth of the Proposal, its significant implications for a broad range of market participants, and the upcoming end-of-year holidays, the current 30-day period is not enough time for the Commission to solicit meaningful feedback on the Proposal. Thus, under these circumstances, the length of the comment period is inconsistent with the spirit of the Administrative Procedure Act, which requires that agencies provide the public with adequate notice of a proposed rule followed by a meaningful opportunity to comment on the rule’s content. The Associations are eager to work with the Commission and its staff in support of increased transparency in the securities lending market, but additional time is needed to understand and consider the impact of the new securities lending regime proposed by the Commission.

Section 984(b) of the Dodd-Frank Act requires the Commission 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,” within two years of the enactment of the Act. We appreciate that the Commission is intent on completing this unfinished Dodd-Frank rulemaking. Providing an appropriate comment period of 90 days, however, will not

¹ See Release No. 34-93613 (November 18, 2021), -- FR -- (--).

significantly slow the Commission's efforts in this regard and will result in a better rule consistent with this mandate.

In exercising its discretion under Section 984, the Commission has proposed an entirely new regulatory framework with significant requirements on the securities lending markets and the varied participants in them, including broker-dealers, agent lender banks, and investment advisers of mutual funds, private funds and pension funds, among other investors. The Proposal requires near real-time reporting to FINRA of all securities lending transactions by persons effecting such loans, including non-FINRA members over which FINRA historically has not had jurisdiction under the Securities Exchange Act of 1934. The Proposal also requires FINRA to establish a public dissemination system in which certain information from these transactions will be reported to the public.

The significance of the Proposal is evidenced by the 97 specific areas in which the Commission seeks comment and the multiple questions within these areas. In other rulemakings of this magnitude, the Commission historically has provided the public with a 60 or 90-day comment period. For instance, when the Commission sought to implement a Dodd-Frank Act rulemaking mandate to prohibit certain material conflicts of interest regarding asset-backed securities, the Commission provided the public with an initial 90-day comment period and subsequently extended that comment period.² The Commission very rarely provides a comment period on proposals as short as 30 days, and those typically involve very ministerial rulemakings. For instance, along with other federal agencies, the Commission in 2017 proposed ministerial updates to its Freedom of Information Act ("FOIA") regulations largely in response to the FOIA Improvement Act of 2016 and provided a 30-day comment period on the proposed updates.³ Unlike the new and vast changes the Proposal would impose on the securities lending market, this Commission rulemaking made ministerial changes to the Commission's FOIA regulations, such as requiring that records FOIA requires to be made available for public inspection be available in electronic format.

Given the breadth of the vast new requirements proposed for the securities lending markets and the potential costs that they may impose on a broad range of participants in these markets, the Commission by providing only a 30-day comment period does not afford the public enough time to properly evaluate the Proposal. The Associations respectfully request that the Commission extend the comment period on the Proposal so that Association member firms and the public have 90 days in which to comment on the Proposal. We further request that the Commission announce such an extension as soon as possible to allow firms and the public to make appropriate plans to solicit meaningful feedback from interested market participants that they can incorporate in comments on the Proposal.

Thank you for your consideration of this request. If you have any questions about it, please do not hesitate to contact the leaders of the Association signatories below that are listed in the Appendix.

² See Release No. 34-66058 (December 23, 2011), 77 FR 24 (January 3, 2012).

³ See Release No. 34-82373 (December 21, 2017), 83 FR 291 (January 3, 2018).

Respectfully yours,

The Securities Industry and Financial Markets Association
The SIFMA Asset Management Group
The Risk Management Association
The Managed Funds Association
The Investment Company Institute
The Investment Adviser Association
The Security Traders Association

cc: The Honorable Gary Gensler, Chair
The Honorable Elad L. Roisman, Commissioner
The Honorable Hester M. Peirce, Commissioner
The Honorable Allison Herren Lee, Commissioner
The Honorable Caroline A. Crenshaw, Commissioner

Appendix

About the Signatories

Led by its President and CEO, Kenneth E. Bentsen, Jr. [REDACTED], the Securities Industry and Financial Markets Association (“SIFMA”) is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of members, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

SIFMA Asset Management Group (“AMG”) brings the asset management community together to provide views on U.S. and global policy and to create industry best practices. SIFMA AMG’s members represent U.S. and global asset management firms whose combined assets under management exceed \$45 trillion. The clients of SIFMA AMG member firms include, among others, tens of millions of individual investors, registered investment companies, endowments, public and private pension funds, UCITS and private funds such as hedge funds and private equity funds. For more information, visit <http://www.sifma.org/amg>.

Francis Garritt [REDACTED] is the Director of Securities Lending at the Risk Management Association (“RMA”). The RMA is an organization that can improve bank performance and thus, provide financial stability by arming banks with peer sharing standards, credit education, and critical borrower information. The original goals to build and maintain standards of risk practice, promote friendship and understanding among lending and credit officers, and conduct research in credit and related subjects remain as relevant today as it was in 1914. By 2000, we had formally expanded our mission– to advance sound risk management principles to help banks avoid a multitude of potential losses that existed outside of credit risk. We also changed our name from Robert Morris Associates, named for the patriot financier, to the Risk Management Association. We continued to take a practical business approach, helping banks mitigate risk while allowing them to safely pursue new opportunities. www.rmahq.org

Led by its President and CEO, Bryan Corbett [REDACTED], the Managed Funds Association (“MFA”) represents the global alternative investment industry and its investors by advocating for regulatory, tax, and other public policies that foster efficient, transparent, and fair capital markets. MFA’s more than 140 member firms collectively manage nearly \$1.6 trillion across a diverse group of investment strategies. Member firms help pension plans, university endowments, charitable foundations, and other institutional investors to diversify their investments, manage risk, and generate attractive returns over time. MFA has a global presence and is active in Washington, London, Brussels, and Asia. www.managedfunds.org

Led by its President and CEO, Eric Pan [REDACTED], the Investment Company Institute (“ICI”) is the leading association representing regulated funds globally, including mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United

States, and similar funds offered to investors in jurisdictions worldwide. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. ICI's members manage total assets of \$31.5 trillion in the United States, serving more than 100 million US shareholders, and \$10.0 trillion in assets in other jurisdictions. ICI carries out its international work through ICI Global, with offices in Washington, DC, London, Brussels, and Hong Kong. www.ici.org

Gail Bernstein ([REDACTED]) is the General Counsel of the Investment Adviser Association ("IAA"). The IAA is the leading organization dedicated to advancing the interests of investment advisers. For more than 80 years, the IAA has been advocating for advisers before Congress and U.S. and global regulators, promoting best practices and providing education and resources to empower advisers to effectively serve their clients, the capital markets, and the U.S. economy. The IAA's member firms manage more than \$25 trillion in assets for a wide variety of individual and institutional clients, including pension plans, trusts, mutual funds, private funds, endowments, foundations, and corporations. www.investmentadviser.org.

Led by its President and CEO, Jim Toes ([REDACTED]), the Security Traders Association ("STA") is a grassroots organization comprised of 24 Affiliates in the U.S. and Canada. STA members represent individuals employed in the financial services industry across varying business models. STA educates its members on market structure issues while representing their interests with legislators, regulators and other industry associations. STA events keep attendees informed on industry trends. STA is committed to promoting goodwill and fostering high standards of integrity in accord with its founding principle, dictum meum pactum, my word is my bond. www.securitytraders.org