



James J. Angel, Ph.D., CFA
Associate Professor of Finance
Georgetown University¹
McDonough School of Business
Washington DC 20057
angelj@georgetown.edu
1 (202) 687-3765
Twitter: @GuFinProf

October 30, 2019

Securities and Exchange Commission
100 F St. NW
Washington, DC 20549-9303
Rule-comments@sec.gov

Re: Fee Payment Modernization, Release Nos. 33-10720; 34-87395; IC-33676;

File S7-20-19

Dear SEC:

I commend the SEC for taking this long overdue action to modernize the SEC's system for receiving payments. The SEC is bringing its systems into the 20th century by working towards accepting Automated Clearing House (ACH) payments.

I have served on the Federal Reserve's Faster Payments Task Force (FPTF) and am quite familiar with payments.² There is a technology revolution going on now and many improvements to the US payment system are currently under development. In particular:

- The Clearing House has launched its Real Time Payments (RTP) system.

¹ All opinions are strictly my own and do not necessarily represent those of Georgetown University or anyone else.

² <https://fedpaymentsimprovement.org/strategic-initiatives/faster-payments/faster-payments-task-force/>

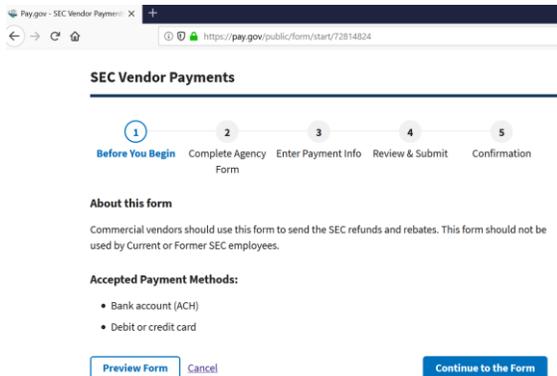
- The Federal Reserve is proposing to launch FedNow as a real-time payment service.³
- Consumers now use services such as Zelle, PayPal, and Venmo.
- The card networks (MasterCard, Visa, Discover, American Express) are developing new payment products in addition to their existing cards.

The extant proposal is good as far as it goes and is an improvement over the present system. ACH payments are inexpensive and reliable. They are a lot more convenient to process than wire transfers, and a lot cheaper. However, they are not instant, and they only operate on banking days. An ACH payment sent on a Friday afternoon preceding a holiday weekend or a snow storm may not be finalized until well into the next week. Wire transfers are not always instant either, as often there is manual processing that occurs at the sending bank and the receiving bank.

The Commission should accept payment cards, for a fee.

The Commission noted that foreign issuers may prefer to pay by check because the bank the Commission is using can't handle the SWIFT code transfer system.⁴ International and other filers that may have trouble sending wires probably have access to debit and credit cards issued by the payment networks. Payment cards are commonplace around the world, and they provide instant payment.

Indeed, the Commission already accepts credit cards for some payments. Here is a screen shot from pay.gov that shows how the SEC accepts credit cards for some payments:



³ See <https://www.federalregister.gov/documents/2019/08/09/2019-17027/federal-reserve-actions-to-support-interbank-settlement-of-faster-payments>

⁴ Proposing release, page 38,

The Commission should be rightly concerned about the fees involved with credit cards. Other government agencies have found ways to permit credit card payments while having the payer incur the fees. For example, here is a screen shot from the IRS page showing credit card payment options:⁵

[Home](#) > [Pay](#) > [Pay Taxes by Credit or Debit Card](#)

Pay Your Taxes by Debit or Credit Card

English | [Español](#) | 中

Bank Account (Direct Pay)

Pay by Debit or Credit Card

Payment Plan

Deposit Taxes

View Your Account

Penalties

Tax Withholding

Understand Your IRS Notice

Foreign Electronic Payments

Payment of User Fees (IVES, Historic Easement, U.S. Residency)

You can pay by internet, phone, or mobile device whether you e-file, paper file or are responding to a bill or notice. It's safe and secure - the IRS uses standard service providers and business/commercial card networks, and your information is used solely to process your payment.

Fees and Information

- Your payment will be processed by a payment processor who will charge a processing fee.
- The fees vary by service provider and may be tax deductible.
- No part of the service fee goes to the IRS.
- Your information is used solely to process your payment.

Choose your Payment Processor

Processor	Debit Card	Credit Card	Digital Wallet
PayUSAtax.com (WorldPay US, Inc.) 844-729-8298 Payment 855-508-0159 Live Operator 844-825-8729 Service International Non Toll-Free 1-615-550-1491 Payment 1-615-942-1141 Live Operator 1-615-550-1492 Service	\$2.55 flat fee 	1.96% fee, Minimum fee \$2.69 	See debit or credit card fees Includes: 
Pay1040.com	\$2.58 flat fee	1.87% fee,	See debit or credit

The Commission should accept debit and credit cards for payments, with the fees passed on to the payer.

⁵ <https://www.irs.gov/payments/pay-taxes-by-credit-or-debit-card>

The new rules should specify pay.gov rather than just ACH to accept new payment technologies.

The proposed rule changes can and should be improved to take into account the changing and dynamic nature of payments. The Commission already accepts payments through www.pay.gov. Rather than having the rules and directions hard wired to ACH, the rules and directions should direct payers to pay.gov, with an explanation that some of the accepted forms of payment may have additional fees.

In this way, it will be very easy for the Commission to accept new forms of payment when they become available on pay.gov without having to go through a 168-page rule filing. Quite frankly, the Commission's scarce resources can be put to much better use than going through the Administrative Procedures Act gauntlet just to add a new payment option. By making the new rules and directions flexible enough to handle whatever the SEC chooses to accept on pay.gov, the rules and directions will be evergreen. The payers won't have to wait decades to adopt the next new and more cost effective payment form.

Here is an example of changes to the proposed rules. The proposal reads:

§270.0-8 Payment of fees.

All payment of fees shall be made by wire transfer, or via the Automated Clearing House Network. ...

I suggest:

§270.0-8 Payment of fees.

All payment of fees shall be made by wire transfer, or via www.pay.gov. ...

Likewise, the proposed forms currently have a check box to show how the payment will be made. The proposed changes look like

9. Date the registration fee and any interest payment was sent to the Commission:

Method of Delivery: Wire Transfer

ACH

* * * * *

Instead, it would look like this:

9. Date the registration fee and any interest payment was sent to the Commission:

Method of Delivery: Wire Transfer

www.pay.gov

The SEC should consider ISO 20022 integration.

I wish to bring to the attention of the Commission the global movement toward ISO 20022, which is not mentioned in the proposing release. In briefly oversimplified terms, ISO20022 is an XML-based payment messaging standard that allows better straight-through processing.⁶ Most new payment system, including the RTP system from The Clearing House, are built on ISO 20022. While I am not familiar with the details of the SEC's payment infrastructure, there could be significant cost savings down the road if the new inline-XBRL form-based system were compatible with incoming ISO20022-based payments. They should be investigated now, as it could be simpler to do any needed ISO 20022 integration on this rule proposal rather another one.

Respectfully submitted,

James J. Angel, Ph.D., CFA
Georgetown University

⁶ For more information, see <https://www.volantetech.com/insights/thought-leadership/iso-20022-implementation-and-adoption>