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Via Electronic Submission

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

April 11, 2022

Re: Money Market Fund Reforms, File No. S7-22-21

Dear Ms. Countryman:

The American Bankers Association (ABA)¹ appreciates the opportunity to comment on the proposal² by the Securities and Exchange Commission (Commission or SEC) to amend certain rules that govern money market funds (MMFs) under the Investment Company Act of 1940. We specifically are writing to address the proposal's reference to the CUSIP (the Committee on Uniform Security Identification Procedures) security identifier and identification system in certain amendments to Form N-MFP. In this letter, ABA comments as owner of the CUSIP identification system. A separate comment letter is filed in which ABA comments on behalf of its members.

We believe that the specific reference to CUSIP security identifiers in Part C (Schedule of Portfolio Securities) of Form N-MFP, both in its current form and in the proposed amendments to the form, is essential to serve the SEC's policy goal of transparency in requiring the monthly submission of Form N-MFP by all money market funds. This is because, as we explain below, the CUSIP identifier for each security is fungible.

We begin our comment letter by providing background information about CUSIP, followed by a discussion of how CUSIP is a key component of the information that is required to be provided in Part C.

¹ The American Bankers Association is the voice of the nation's \$23.3 trillion banking industry, which is comprised of small, regional, and large banks that together employ more than 2 million people, safeguard \$19.2 trillion in deposits, and extend nearly \$11 trillion in loans. Learn more at www.aba.com

² "Money Market Fund Reforms", 87 Fed. Reg. 7248, February 8, 2022.

Background Information about CUSIP

The SEC is well aware that the NY Clearing House Association approached ABA in 1964 to develop a more efficient system for the trading, clearing, and settlement of securities, as a means to emerge from the securities settlement “paper crisis.” CUSIP is the system that ABA created, and the first CUSIP directory was published in 1968.³ In the ensuing decades, in parallel with widespread adoption and implementation by market participants, an increasing number of clearing corporations, regulators, and market authorities came to recognize the value and reliability of the CUSIP system. Under the direction and guidance of the CUSIP Board of Trustees, comprised of a cross-industry senior group of experts, CUSIP has continuously met new market needs by supporting identifiers for an ever-expanding universe of asset classes: municipal bonds, commercial paper, US treasury bonds, mortgage-backed securities, banker’s acceptances, and SPACs to name just a few. Over 50 years later, that spirit of innovation, sustained investment, and commitment to powering efficient capital markets lives on.

The Final Rule Should Require Reporting of Securities Identifiers that are Fungible

In its current version, Part C of Form N-MFP requires, among other things, that a CUSIP identifier be reported for each security held by the MMF.⁴ With respect to collateral underlying MMF’s repurchase agreements, the current requirement is only for the identification of the collateral issuer⁵. The proposal would continue the required reporting of the CUSIP identifier of each individual security that forms the collateral.⁶

In proposing the amendments to Form N-MFP with respect to MMF repurchase agreements, the SEC states that “These proposed amendments would improve the Commission’s monitoring of money market fund activity in various segments of the market for repurchase agreements, including potentially increased or decreased activity during periods of market stress, which may affect availability of funding for borrowers.”⁷ We believe the requirement to provide the CUSIP of each security that is either in the portfolio of securities and/or that forms the underlying security will facilitate the SEC’s stated objectives. We also believe CUSIP will continue to satisfy the SEC’s policy goals underlying the reporting requirements because it provides fungibility, which we discuss below.

Fungibility is Critically Important to Promoting Market Transparency

ABA respectfully submits that any identifier for an individual security that is required to be reported to the SEC and the public must be fungible. Fungibility means that a security of an issuer is the same instrument for the purpose of unique identification regardless of the venue of execution and is one of the hallmarks of the CUSIP system. Fungibility of securities identifiers is industry-

³ “...The CUSIP system represents the foundation of the program to improve the speed and accuracy in the processing of securities and transactions involving them. We urge you to build upon that foundation as quickly as possible and again congratulate all of the organizations and individuals who participated in the development of the CUSIP system for their noteworthy achievement.” – SEC Chairman Hamer Budge, June 20, 1969.

⁴ See Item C.3. of Part C, Form N-MFP.

⁵ See Item C.8.b of Part C, Form N-MFP

⁶ See 87 Fed. Reg. 7248, at 7284 and proposed Item C.9.f to Part C, Form N-MFP at 87 Fed. Reg. 7284 at 7349.

⁷ *Id* at 7284

driven. So for example, Microsoft Corporation Common Stock (Microsoft) is the same instrument for the purpose of unique identification regardless of the venue of execution. All market participants with holdings of Microsoft, and which are required to be reported do so with just one CUSIP: **594918 10 4**

With FIGI and certain other identification schemas, a different method is employed: there are multiple identifiers for the same financial instrument *depending on the US Exchange where the instruments are purchased.*

Continuing to use Microsoft for example, there are more than 100 FIGIs, such as the following sample set:

BBG000BPH9J3
BBG000BPH459
BBG000BPH6D5
BBG000BPH654
BBG000BPH958
BBG000BPHG07
BBG000BPHD40
BBG000BPH583
BBG000BPH8J5
BBG000BPH4R5

If one MMF reports Microsoft shares purchased on the NASDAQ main market and another purchased Microsoft shares on the NASDAQ PHLX (Philadelphia) market, they could report using two different FIGI identifiers in their respective Form N-MFP *even while using the same issuer.*

This multiplicity of identifiers is a deliberate feature of the FIGI system and would likely lead to inefficiency and errors in the reporting and monitoring of investments under management, thus undermining the very purpose of Form N-MFP.

We are therefore quite puzzled when the proposal asks, in Question 126, whether Form N-MFP should require registrants to provide the Financial Instrument Global Identifier (FIGI) for a security if one is available and if so, whether it should be provided in lieu of the CUSIP identifier for the security. We respectfully submit that the SEC should only rely on fungible identifiers, which CUSIPs are and FIGIs are not.

The SEC is correct in its conclusion that using CUSIPs in Form N-MFP is not “likely to impose incremental compliance costs.”

In the cost-benefit section of the Federal Register release, on pages 7308 to 7309, the SEC states:

- “Money market funds are currently required to disclose CUSIP numbers for each holding they report on Form N– MFP. As such, the incremental compliance cost on money market funds associated with the proposed CUSIP requirement, compared to the baseline, would be limited to those costs, if any, incurred by money market funds as a result of storing

additional CUSIP numbers (to the extent money market funds do not already store CUSIP numbers for their collateral securities)” and

- “CUSIP license costs vary based upon, among other factors, the quantity of CUSIP numbers to be used, on a tiered model, with the lowest tier being up to 500 CUSIP numbers. See CGS License Structure, available at <https://www.cusip.com/services/license-fees.html#/licenseStructure>. Based on our understanding of current CUSIP licenses and usage among money market funds, we do not believe the proposed CUSIP reporting requirement for collateral securities is likely to impose incremental compliance costs on money market funds by moving them into a new CUSIP license pricing tier.”

For purposes of confirming the SEC’s cost-benefit analysis, we wish to elaborate on the costs associated with CUSIP. For CUSIP, there is a one-time fee charged to the issuers of securities to obtain a CUSIP identifier. That fee is established on a cost-recovery basis and all issuer-paid fees are publicly disclosed on the website of CUSIP Global Services (CGS), which operates the CUSIP identifier creation and licensing system.⁸

The data distribution fees charged to users who are given access to the entire CUSIP database (or its subsets), which not only include the CUSIP identifier, but 70 critical reference data fields with associated descriptive data, is based on each consumer’s usage. This usage-based pricing model creates parity amongst all consumers of the CUSIP database and is consistent with standard industry practice among data providers, exchanges, and other financial data service providers. Moreover, this model ensures that the constant updates to the indispensable data referred to by a CUSIP, whether due to new issuances, corporate actions, or other changes, are available to these customers in a reliable and near real-time manner. Because any collection of CUSIPs and their respective 70 reference data fields is originally sourced by CGS, its use can only be made available to customers, directly or indirectly, by CGS. Similar to the issuance fees, the licensing fees for CUSIP data and potential discounts available to market participants are transparent and publicly described on the CGS website.⁹

Money Market Funds managers more likely than not already rely on the CUSIP reference data – whether acquired directly from CGS or indirectly through other data vendors – to assemble their funds’ portfolios. In doing so, the usage of these CUSIPs is already accounted for in their costs and, as the SEC correctly concludes, would not be “likely to impose incremental compliance costs.”

⁸ See <https://www.cusip.com/pdf/FeesforCUSIPAssignment.pdf>

⁹ See <https://www.cusip.com/services/license-fees.html>

Summary

The universal acceptance of the CUSIP system due to its fungibility and efficacy is well established. This is not the case for FIGI. We respectfully submit that allowing the report to include non-fungible security identifiers like the FIGI in Part C of Form N-MFP will be counter to the SEC's stated policy goals in proposing the amendments to the form.

Respectfully

/s/ Tab Timothy Stewart

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