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February 16, 2024

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

Submitted via email: rule-comments@sec.gov

Re: Notice of Filing of a Proposed Rule Change to Amend MSRB Rule G-14 to Shorten the Timeframe for Reporting Trades in Municipal Securities to the MSRB¹
MSRB File No. SR-MSRB-2024-01

Dear Ms. Countryman:

Bloomberg L.P.² respectfully submits this letter in response to the above-referenced notice filed by the Municipal Securities Rulemaking Board (“MSRB”) with the U.S. Securities and Exchange Commission (“SEC” or the “Commission”) to amend MSRB Rule G-14 to shorten the timeframe for reporting trades in municipal securities to the MSRB (the “Proposal”).

Overview

We know many industry participants may weigh in on the MSRB’s Proposal, which seeks to amend MSRB Rules G-12 and G-14 to shorten the amount of time within which brokers, dealers and municipal securities dealers must report most transactions to the MSRB, require dealers to report certain transactions with a new trade indicator, and make certain conforming amendments to reflect the shortened reporting timeframe.

Our response is focused on the important issue of providing market participants with the ability to choose among identifiers in regulatory reporting, including reporting of municipal securities trades. Entities will be required, both under the Proposal as currently drafted and under the existing rules, to report using a Committee on Uniform Securities Identification Procedure

¹ Notice of Filing of a Proposed Rule Change to Amend MSRB Rule G-14 to Shorten the Timeframe for Reporting Trades in Municipal Securities to the MSRB, Rel. No. 34-99402, File No. SR-MSRB-2024-01 (Jan. 19, 2024), available at <https://www.sec.gov/files/rules/sro/msrb/2024/34-99402.pdf>.

² Bloomberg – the global business, financial information, and news leader – increases access to market data by connecting market participants of all stripes to a dynamic network of information, people, and ideas. The company’s strength – quickly and accurately delivering data, news, and analytics through innovative technology – is at the core of the Bloomberg Terminal. The Terminal provides financial market information, data, news, and analytics to banks, broker-dealers, institutional investors, government bodies, and other business and financial professional worldwide.

number (“CUSIP”). No other identifiers are currently permitted as a reporting option, either alongside, or in place of, the CUSIP.

We do not believe that the use of any specific financial identifiers should be regulatorily mandated. Instead, reporting entities should be given the ability to choose among financial identifiers in regulatory reporting. Competition among identifiers should be encouraged to benefit the financial industry. To that end we believe that the Commission and the MSRB should consider the use of alternate identifiers based on open data licenses, such as the Financial Instrument Global Identifier (“FIGI”) where appropriate. Consideration for the use of alternative identifiers is particularly important now, as regulatory agencies – including the Commission and the MSRB – are required by the Financial Data Transparency Act of 2022 to engage in joint rulemaking to adopt open-source data standards and common identifiers to make collected regulatory data more accessible, uniform, and useful to the public.

FIGI and Its Benefits

FIGI is a unique, publicly available identifier that covers financial instruments that arise, expire, and change daily across asset classes. It was developed by Bloomberg to help solve licensing challenges and shortcomings in data organization and governance that persist in the current regional-based security identifier numbering approaches.³ FIGI became a free, open data standard in 2014 after Bloomberg assigned all rights and interest in FIGI to the Object Management Group (“OMG”), an international non-profit technology standards consortium.⁴ FIGI is in the public domain with no commercial terms or restrictions on usage, and it is available free of charge for use by all market participants.⁵ This is one of the many attributes that sets the FIGI apart from other similar identifiers that impose significant licensing fees for users.⁶ In 2021, the Accredited Standards Committee X9 Inc. (“X9”), a non-profit organization accredited by the American National Standards Institute (“ANSI”), accepted the FIGI as a U.S. national standard and designated as ANSI X9.145-2021.⁷

³ <https://www.omg.org/figi>

⁴ Press Announcement: “What is in a Name? The Bloomberg Global ID Is Reborn as the FIGI” (Oct. 9, 2014), available at <https://www.bloomberg.com/company/press/whats-name-bloomberg-global-id-reborn-figi/>.

⁵ FIGI is offered under the MIT Open Source license and we note that this dedication is formally embedded within the X9, ABNT, and OMG standard accreditations. The meta term “dct:license” specifically outlines the application of the MIT Open Source license in the standard for the identifier and associated metadata. See ANSI X9.145.2021 for FIGI (2021) at p. 28, available at <https://x9.org/wp-content/uploads/2021/08/ANSI-X9.145-2021-Financial-Instrument-Global-Identifier-FIGI.pdf>. See also OMG FIGI v1.0 (2015) at p. 31, available at <https://www.omg.org/spec/FIGI/1.0/PDF>.

⁶ Bloomberg L.P. is the Registration Agent for the OMG standard, under the auspices of OMG’s Financial Domain Task Force. There are currently two Certified Providers for the FIGI standard: Bloomberg and Kaiko. See Press Announcement: “OMG Announces Kaiko to Expand FIGI Standard for Crypto Assets” (Jan. 20, 2021), available at <https://www.omg.org/news/releases/pr2021/01-20-21.htm>.

⁷ Press Announcement: “ASX X9 Publishes U.S. Standard for the Financial Instrument Global Identifier” (Sept. 15, 2021), available at <https://www.bloomberg.com/company/press/asc-x9-publishes-u-s-standard-for-the-financial-instrument-global-identifier/>.

One of the many benefits of the FIGI is that it enables interoperability between other identification systems and does not force the use of a single identification system. Enabling interoperability between different systems may lower costs when interacting between legacy systems, which may depend upon a single identifier and newer systems that typically have a more modern architecture. This interoperability reduces complexity, dependencies, and the costs of interacting across different user groups and communities that have different needs. It allows for better management of data, increases data quality, and facilitates the sharing of critical and universal information among different user communities without the costs associated with forcing changes to core systems and processes.

Reporting entities choose to use different identification systems internally for many reasons depending on their preference, internal systems, maturity of their data practices, costs, and interactions with clients and counterparties. Different identifiers may be used across an entity based on which identifier system best serves the required function (*e.g.*, trading, settlement, risk, or asset class). The needs of each entity are unique, and how data is used and implemented is increasingly becoming a source of competitive advantage. For these reasons, mandates that enforce the use of singular, non-open standards can have a detrimental impact, including lock-in and incurring potentially unnecessary costs. Though many entities use different identification systems internally today, they may be mandated by different regimes to use specific identifiers that are not fit for certain functional needs. Organizations such as the Investment Adviser Association (“IAA”) have previously noted to the SEC that increasingly burdensome fees have been imposed on investment advisers, investors, and others for the acquisition, retention, and use of certain identifiers. The IAA has asked the SEC to review the policy of mandating the use of identification numbers in any regulations or regulatory filings as these practices may pose potential liability, subject users to the payment of burdensome fees, or are otherwise problematic.⁸

The SEC’s Asset Advisory Committee (“AMAC”) recommended in November 2021 that the SEC study whether to remove specific references to the Committee on Uniform Securities Identification Procedure number (“CUSIP”) relative to securities identifiers in its rules and regulations.⁹ In issuing its recommendation, AMAC noted that certain fees associated with licensing and use of CUSIP, such as recordkeeping, trade confirmation, account statements, and regulatory reporting, were unreasonable and left small advisers and funds with no reasonable alternatives but to pay the fees.¹⁰ AMAC further noted that fees are pervasive throughout the financial system, especially when advisers or funds only use the CUSIP numbers for internal

⁸ See Letter from the IAA to the SEC, dated Sept. 29, 2020 at p. 6, available at <https://www.sec.gov/comments/s7-08-20/s70820-7859973-223872.pdf>. See also Letter from the IAA to the SEC, dated Dec. 17, 2021 at p. 3, available at <https://www.sec.gov/comments/s7-15-21/s71521-20109989-264314.pdf>.

⁹ SEC Asset Management Advisory Committee, Report and Recommendations on the Regulatory Approach for Small Advisers and Funds (Nov. 1, 2021), available at <https://www.sec.gov/files/final-report-and-recommendations-small-advisers-and-small-funds-subcommittee-110121.pdf>.

¹⁰ *Id.* at 9-10, 12.

recordkeeping and client reporting. For these reasons, AMAC suggested considering the use of other identifiers in its recommendations.¹¹

Given these reasons, we believe that reporting entities should be permitted to choose among identifiers and have the flexibility to adopt, integrate, or switch to other identifiers as appropriate. The SEC has been increasingly including the use of alternate identifiers in its rules, and both regulatory agencies and industry alike have been supporting the use of FIGI. In the final rules on short position and short activity reporting by institutional investment managers, which both included FIGI as a reporting option, the SEC acknowledged that FIGIs are widely used in the financial markets and that it recently added their use on Form 13F filings.¹² The SEC further noted that FIGIs are automatically assigned and are retrievable and redistributable without licensing restrictions at no cost, even though there may be a one-time cost incurred to implement first-time use: “like CUSIP, FIGI provides a methodology for identifying securities, and reporting a FIGI... will provide additional identifying information that will provide additional clarity, not confusion, to market participants and the public. Unlike CUSIPs, however, FIGIs are provided for free.” The SEC, in a recent joint rulemaking initiative undertaken with the Commodity Futures Trading Commission, also allowed market participants the option of using a FIGI in private fund reporting.¹³ We are also seeing that industry participants are voluntarily reporting to the SEC using the FIGI as their identifier of choice. In addition to using the FIGI in filing Form 13F, filers are also using the FIGI in NPORT-P, N-CEN, N-MPF2, 20F, 6-K, and 8-K filings.

That the FIGI has wide industry support is highly encouraging given the recent enactment of the Financial Data Transparency Act (“FDTA”), which requires joint rulemaking by financial regulatory agencies, including the SEC and the MSRB, on data standards for information collection and reporting, including common legal identifiers for financial products, instruments, and transactions.¹⁴ Under the FDTA, data must be interoperable, non-proprietary, and fully

¹¹ *Id.* at 12. CUSIPs are issued and maintained by CUSIP Global Services, a part of the American Bankers Association. CUSIPs are not a freely available public service and there are costs incurred for obtaining and using CUSIP numbers. Market participants pay significant licensing fees to access CUSIP data and obtain CUSIP numbers for financial instruments. CUSIP is currently the subject of a class action lawsuit for monopolistic behavior related to its data licensing model and subscription agreements, all the more reason for allowing a choice of identifier in reporting. *See Dinosaur Financial Group LLC et al. v. CUSIP Global Services et al.*, Docket No. 1:22-cv-01860 (S.D.N.Y. Mar 4, 2022).

¹² Short Position and Short Activity Reporting by Institutional Managers, SEC Exch. Act. Rel. No. 34-98738 (Oct. 13, 2023) at 72-73, available at <https://www.sec.gov/files/rules/final/2023/34-98738.pdf>. See also Electronic Submission of Applications for Orders under the Advisers Act and the Investment Company Act, Confidential Treatment Requests for Filings on Form 13F, and Form ADV-NR; Amendments to Form 13F, SEC Exch. Act Rel. No. 34-95148 (June 23, 2022), available at <https://www.sec.gov/rules/final/2022/34-95148.pdf>; 87 FR 38943 (June 30, 2022).

¹³ Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers, Advisers Act Rel. No. IA-6546 (Feb. 8, 2024), available at <https://www.sec.gov/files/rules/final/2024/ia-6546.pdf>. Form PF amendments were joint

¹⁴ See Financial Data Transparency Act of 2022, Pub. L. No. 117-263, tit. LVIII, § 5811(a)(1), 126 Stat. 4145 (2022). Regulators tasked with developing new standards are the U.S. Department of Treasury, the Federal Reserve, the SEC, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Consumer

searchable and machine-readable, among others.¹⁵ As an identifier, the FIGI satisfies these criteria and also adds value as a data management tool that would allow for sharing of information related to financial instruments between regulatory agencies. The SEC is mandated to act with respect to its own data, filings, and reports by regulated entities, as well as filings with the MSRB, and should consider allowing the reporting of alternate financial identifiers as related to the settlement of municipal securities.

Conclusion

For these reasons, we believe that reporting entities should be given the ability to choose among financial identifiers in regulatory reporting. Allowing the option to choose a financial identifier in reporting would allow reporting entities to orient decisions around reducing costs of integration or realizing added benefits that offset any such integration cost concerns.

We appreciate the opportunity to share our thoughts on this issue and would be pleased to discuss any questions you may have with respect to this letter.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gregory Babyak". The signature is fluid and cursive, with the first name "Gregory" and last name "Babyak" clearly distinguishable.

Gregory Babyak
Global Head of Regulatory Affairs, Bloomberg L.P.

Financial Protection Bureau, the Federal Housing Finance Agency, and the National Credit Union Administration. The SEC will handle rulemaking around how the new data standards would apply to the MSRB.

¹⁵ *Id.*