



January 31, 2022

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

Submitted via email: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

**Re: Reporting of Securities Loans  
Release No. 34-93613 / File No. S7-18-21<sup>1</sup>**

Dear Ms. Countryman:

Bloomberg L.P.<sup>2</sup> respectfully submits this letter in response to the above-referenced proposal by the U.S. Securities and Exchange Commission (“SEC” or the “Commission”) to require lenders of securities to provide the material terms of securities lending transaction to a registered national securities association (“RNSA”), which would then make the material terms of such transaction available to the public (the “Proposal”).

We appreciate the Commission’s endeavor to improve the transparency and efficiency of the securities lending market by increasing the availability of information regarding securities lending transactions. We are especially pleased that the Proposal considers allowing industry choice in use of identifiers such as the Financial Instrument Global Identifier (“FIGI”) as a possible required data element to be collected and disseminated by an RNSA. Competition among identifiers should be encouraged not only with respect to this Proposal, but across the board as using available identifiers based on open data principles not only improves the quality of data, but also results in increased transparency for regulators and investors alike. We also appreciate that the Proposal clearly requires the RNSA to act in accordance with section 19(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 19b-4 thereunder when implementing rules pertaining to the securities lending data, particularly for any associated fees.

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<sup>1</sup> *Reporting of Securities Loans*, SEC Exch. Act Rel. No. 34-93613 (Nov. 18, 2021), available at <https://www.sec.gov/rules/proposed/2021/34-93613.pdf> (the “Proposal”).

<sup>2</sup> 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.

## **Benefits of Using an Open Data Standard, Such as FIGI, for Financial Instrument Identification**

The Proposed rule requires certain data elements that would be required to be provided to an RNSA within 15 minutes after a loan is effected. In addition to requiring the reporting of the security issuer's legal name and Legal Entity Identifier ("LEI"), the Proposal would also require the reporting of the ticker symbol, ISIN, CUSIP, or FIGI of the security, if assigned, or other identifier.<sup>3</sup> Because regulatory mandates to use a particular product raise costs and diminish innovation, the ability to choose the data identifier in regulatory reporting would be beneficial to the industry as a whole, as it improves transparency and data quality, removes unnecessary and burdensome costs, and enables competition.

FIGI is a unique publicly-available identifier that covers financial instruments across asset classes that arise, expire, and change on a daily basis. Outside of securities, FIGI is invaluable for instruments lacking standard identifiers such as loans, OTC derivatives, commodities, and other assets.<sup>4</sup> Developed by Bloomberg to help solve licensing challenges and shortcomings in data organizations and governance that persist in the current regional-based security identifier numbering approaches, FIGI became a free open data standard in 2014 after Bloomberg assigned all rights and interests in FIGI to the Object Management Group ("OMG"), an international non-profit technology standards consortium.<sup>5</sup> Because Bloomberg placed FIGIs into the public domain with no commercial terms or restrictions on usage, they are available free of charge for use by all market participants unlike other similar identifiers and standards that may generate a licensing fee for users.<sup>6</sup>

FIGI is an official U.S. National Standard. In September 2021, FIGI was accepted by the Accredited Standards Committee X9 Inc. ("X9"), a non-profit organization accredited by the American National Standards Institute ("ANSI"), and designated as ANSI X9.145-2021.<sup>7</sup>

FIGI enables interoperability between other identification systems and does not force the use of a single identification system. Enabling interoperability between different identification systems lowers costs when interacting between legacy systems, which may depend upon a single

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<sup>3</sup> See Proposed Rule 10c-1(b)(2).

<sup>4</sup> <https://www.omg.org/figi/>

<sup>5</sup> See Press Announcement: "What's 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/>.

<sup>6</sup> 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>.

<sup>7</sup> See Press Announcement: "ASC 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/>.

identifier, and newer systems, which typically have a more modern architecture. Interoperability reduces complexity, dependencies, and the costs of interacting across different user groups and communities that have different needs, and typically rely on inflexible legacy core systems. This 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.

FIGI is provided under the MIT Open Source License, and this dedication is encoded within the standard's language itself. The standard, as well as the FIGI and associated descriptive metadata as described in the standard, are provided as a public good without costs, restrictions on use or redistribution, or any other commercial requirements.

FIGI identifiers, once issued, do not change. This is unique among identifiers for financial instruments and an advantage over other identifiers that may change for data governance purposes. Because FIGI identifiers do not change, it enables traceability over time, permanence for when instruments mature, and a consistent identifier through corporate action events and ticker changes.

Moreover, FIGI includes the descriptive metadata that users need to understand the financial instrument. This metadata approach aligns with modern data practices and allows for extensions to the descriptive dataset by third parties and users, where those extensions may provide value. Extensions to the descriptive metadata could be associated with other identifiers or add additional descriptive information. By using metadata, users can, for example, map between various identifiers easily, thereby helping data quality.

### **RNSAs' Compliance with Rule 19b-4 Under the Exchange Act**

As the Commission notes in the Proposal, the burden of filing any proposed rule changes by an RNA is already included under the collection of information requirements contained in Rule 19b-4 under the Exchange Act.<sup>8</sup> The rules of an RNA, including those pertaining to any fees, should thus comport with the requirements of the Exchange Act. RNAs should provide sufficient information to the Commission with respect to these filings.<sup>9</sup>

We note the importance of requiring RNAs to file any proposed rule changes with the Commission under the Exchange Act Section 19(b) and Rule 19b-4 thereunder.<sup>10</sup> This is intended to elicit information necessary for the public to provide meaningful comment on any contemplated rule change and for the SEC to determine whether such a change is consistent with

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<sup>8</sup> Proposal n.179 at p. 97 (citing Securities Exchange Act Release No. 50486 (Oct. 5, 2004), 69 FR 60287, 60293 (Oct. 8, 2004) (File No. S7-18-04) (describing the collection of information requirements contained in Rule 19b-4 under the Exchange Act)).

<sup>9</sup> See SEC Staff Guidance on SRO Rule Filings Relating to Fees at Section II (May 21, 2019), available at <https://www.sec.gov/tm/staff-guidance-sro-rule-filings-fees> ("SEC Guidance on SRO Fee Filings").

<sup>10</sup> See 17 CFR 249.819.

the requirements of the Exchange Act and the rule and regulations thereunder as applicable to the RNSA and in accordance with the requirements of each type of filing.

As the Commission notes, an RNSA must adopt rules that “provide for the equitable allocations of reasonable dues, fees, and other charges among members and issuers and other persons using any facility or system which the association operates or controls.”<sup>11</sup> The Proposal establishes new responsibilities for RNSAs and, as such, it is imperative to establish the parameters within which to fulfill them. We applaud the Commission for articulating its expectations in the Proposal for both the process and substance of any subsequent fee filings. It is particularly important for the Commission to continue to exercise oversight in this instance, as FINRA is currently the only RNSA and, accordingly, the Commission recognizes the potential for monopolistic pricing by FINRA on market participants that are required to provide information to FINRA. Therefore, a careful review of any fee filing is important to ensure that the fees are reasonable in relation to the costs to FINRA in establishing the system.

### **Conclusion**

Financial transparency, which is critical to the efficient functioning of the markets, relies upon the quality of the financial data that is collected and disseminated. The use of modern financial identifiers based on open data principles and licenses, such as FIGI, in the reporting of securities lending transactions as contemplated by the Proposal, can greatly improve the transparency and efficiency of the securities lending market. We support the SEC’s commitment to providing users choice in regards to identifiers and reiterate the importance of RNSAs’ compliance with Section 19(b) of the Exchange Act and Rule 19b-4 thereunder when implementing rules pertaining to the securities lending data.

We appreciate the Commission’s willingness consider comments on this topic and would be pleased to discuss any questions that the Commission may have with respect to this letter. Thank you.

Very truly yours,



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

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<sup>11</sup> Proposal at p. 72.