

Congress of the United States
Washington, D.C. 20515

November 22, 2022

The Honorable Gary Gensler
Chair
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Dear Chair Gensler:

We write today with respect to the Securities and Exchange Commission's proposed rulemaking pertaining to security-based swaps and securities loans. Our country presently faces economic uncertainty, the impacts of which we have observed on our constituents, businesses, and our communities. Promoting deeply liquid and well-regulated markets to bolster the US economy against current headwinds should be a priority.

The SEC has proposed significant regulatory changes that will impact nearly every type of investor and market participant. We strongly support your efforts to give the SEC the tools it needs to monitor for accumulating risk and ensure market integrity. We also believe it is important to ensure the cumulative effect of the rules are adequately assessed, including the potential impact on market liquidity of proposals¹ to require public disclosure of investor positions. While well-intentioned, we believe that the breadth and pace of the agenda creates a complex picture that is challenging for stakeholders to assess, including the interconnections among the various proposals and the cross-market implications. For example, many market participants have expressed concerns that the SEC's proposal to publicly disclose investors' positions in security-based swaps (SBS) may significantly impair liquidity in those markets². We are concerned that the SEC's economic analysis may not adequately consider the potential for reduced liquidity in SBS markets, including the impact it may have on markets that are closely linked, such as the corporate bond markets or the index markets under the jurisdiction of the Commodity Futures Trading Commission.

Market participants have also expressed concerns the SEC's proposal to publicly disclose securities loans on a loan-by-loan basis could confuse or mislead market participants, and potentially reveal related trading strategies. In order to achieve the Commission's goals of improving transparency, while also mitigating potential harm to markets at a challenging time for

¹ <https://www.sec.gov/rules/proposed/2021/34-93613.pdf>; <https://www.sec.gov/rules/proposed/2021/34-93784.pdf>

² <https://www.sec.gov/comments/s7-32-10/s73210-20120762-272942.pdf>; <https://www.sec.gov/comments/s7-32-10/s73210-20120723-272883.pdf>; <https://www.sec.gov/comments/s7-32-10/s73210-20120774-272955.pdf>

the economy, we respectfully request that the Commission take a cautious, data-driven approach to the implementation of the new SBS and securities lending reporting proposals.

Specifically, we support an approach to implementation that requires confidential reporting for regulatory purposes to give the SEC experience with the data to refine it as necessary to ensure it serves its purpose. Any further stages that would require public dissemination of the data should only be considered following additional economic analysis and public consultation. This would also have the benefit of giving the Commission time to understand the potential interconnections with the many other rule proposals impacting market operations and practices. We appreciate your efforts and look forward to your response.

Sincerely,



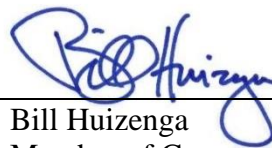
Alma S. Adams, Ph.D.
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Frank D. Lucas
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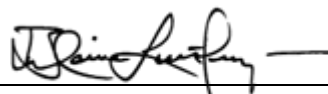
Madeleine Dean
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