

Thank you for the opportunity to comment on FINRA 2021-10 related to amendments to Rule 4210. I apologize for failing to comment in a timely manner; however, being retired, I am no longer diligent in monitoring certain regulatory activities. I applaud FINRA's efforts to make the proposed amendments less onerous for smaller broker-dealers; unfortunately, the questions I raised in my last comment letter remain unaddressed.

To date, I have yet to see where FINRA has provided any statistical evidence to refute the statistics I provided in my first comment letter that indicated specified pools represented no systemic risk in and of themselves, and therefore should not be included in the definition of "Covered Agency Security". All evidence provided to date has related to the risk of trading in specified pools when combined with the risk of TBA trading. Does FINRA intend to proceed without providing a shred of evidence that specified pools represent systemic risk absent in combination with TBA trading?

Secondly, and most importantly, FINRA has yet to cite authority refuting the language contained in the 1983 report of the Senate Committee on Banking, Housing and Urban Affairs on the Secondary Mortgage Market Enhancement Act related to the adoption of what became Section 7 (g) of the Exchange Act (which granted the Federal Reserve sole authority to impose margin requirements prior to 180 days after trade date for mortgage-backed and small business securities). It is stated on page 8 of that report that "It should be noted that government-backed mortgages are exempt from these rules now." This would appear to clearly indicate that Congress believed that trades in what FINRA is defining as "Covered Agency Securities" are exempt from margin rules. To date, no argument has been made to refute the claim that Congress has not intended to grant FINRA authority to require margin for trades in exempt securities. I realize that Section 15A (b) 6 of the Exchange Act conveyed broad authority to self-regulatory organizations, but I do not believe that it grants a self-regulatory organization the power to regulate in a manner that directly conflicts with stated Congressional intent. Does FINRA intend to proceed without addressing what appears to be a rather clear expression of Congressional intent?

I repeat my appreciation for the effort made by FINRA staff over the years to address some of the issues that the proposed amendments have raised. I would, however, like to see the two questions that I continue to raise addressed.

Sincerely,

Chris Melton