

Subject: SR-FINRA-2024-007 comment

From: Paul Pritchard

Affiliation: Household Investor

May. 14, 2024

Dear Securities and Exchange Commission,

I am a house hold investor wish to express strong general support for the proposed FINRA Rule 6500 Series concerning the Securities Lending and Transparency Engine (SLATE), which mandates the reporting of securities loans and the dissemination of loan information to the public.

However, I have significant concerns regarding the provisions that allow FINRA, in consultation with the SEC, to suspend the reporting or dissemination of certain Covered Securities Loans or Data Elements for periods deemed necessary. Use of this provision would undermine the very transparency that Rule 6500 aims to promote. The suspension of reporting would inadvertently create an information asymmetry, thus disadvantaging end borrowers and beneficial owners who rely on this data for making prudent investment decisions.

The SEC's Adopting Release for SEA Rule 10c-1a emphasized that increased transparency in the securities lending market would help alleviate the information disadvantage faced by various market participants, improve price discovery, and reduce costs associated with market condition monitoring. It is vital that any discretion to suspend reporting be exercised sparingly and with full justification to ensure that the benefits outlined by the SEC are realized and not diminished.

Transparency in securities lending is essential for the effective functioning of financial markets. It mitigates systemic risk by providing market participants with critical information that helps in assessing the liquidity and counterparty risk associated with securities loans. Furthermore, transparency aids in the protection of investors by ensuring that they are adequately informed about the terms of securities loans and the parties involved.

The requirement to report comprehensive data elements such as the legal name of the security issuer, LEI, security symbols (CUSIP, ISIN, FIGI), transaction dates and times, settlement dates, loan amounts, and details concerning collateral underscores the importance of detailed reporting in maintaining a fair and orderly market. These measures enhance the capacity of all market participants to make informed decisions, thereby fostering a competitive and equitable trading environment.

In conclusion, while I broadly support the implementation of FINRA Rule 6500 Series for its potential to enhance market fairness and protect investors through improved transparency, I strongly advocate for stringent guidelines governing the suspension of reporting requirements to avoid undermining these goals.

Sincerely,

A household investor.