The Asset Management Industry
SERVING INDIVIDUAL INVESTORS
INVESTMENT COMPANY INSTITUTE
1401 H Street, NW, Washington, DC 20005 USA

July 30, 2024

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

Re: *Notice of Filing of a Proposed Rule Change to Adopt the FINRA Rule 6500 Series (Securities Lending and Transparency Engine (SLATE™)) (File No. SR-FINRA-2024-007)*

Dear Ms. Countryman:

The Investment Company Institute[1] is writing to provide our views on the Financial Industry Regulatory Authority's ("FINRA") proposed FINRA Rule 6500 series ("Proposed Rule") that would implement FINRA's Securities Lending and Transparency Engine ("SLATE").[2] The Proposed Rule is intended to address the SEC's request that FINRA issue rules concerning the format and manner of the collection and public dissemination of prescribed information for Rule 10c-1a under the Securities Exchange Act of 1934 ("Exchange Act").

As we previously stated in connection with Rule 10c-1a,[3] we support the Securities and Exchange Commission's ("SEC" or "Commission") objectives to require reporting of securities loans, which was mandated by Section 984 of the Dodd-Frank Act to "promote rules that are designed to increase the transparency of information available to brokers, dealers, and investors, with respect to the loan or borrowing of securities."[4] Unfortunately, we cannot support the

[1] The Investment Company Institute (ICI) is the leading association representing the asset management industry in service of individual investors. ICI's members include mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and UCITS and similar funds offered to investors in other jurisdictions. Its members manage $35.2 trillion invested in funds registered under the US Investment Company Act of 1940, serving more than 100 million investors. Members manage an additional $9.4 trillion in regulated fund assets managed outside the United States. ICI also represents its members in their capacity as investment advisers to certain collective investment trusts (CITs) and retail separately managed accounts (SMAs). ICI has offices in Washington DC, Brussels, and London and carries out its international work through ICI Global.

[2] *Self-Regulatory Organizations; Financial Industiry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change to Adopt the FINRA Rule 6500 Series (Securities Lending and Transparency Engine (SLATE™))*, Securities Exchange Act Release No. 100046, 89 Fed. Reg. 38203, 38213 (May 7, 2024) ("Notice").

[3] *See* Letter from Susan Olson, General Counsel, and Sarah A. Bessin, Associate General Counsel, ICI, to Vanessa A. Countryman, Secretary, SEC, dated Jan. 7, 2022, *available at* https://www.sec.gov/comments/s7-18-21/s71821-20111347-264956.pdf ("ICI Letter").

[4] *See* Section 984(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Proposed Rule in its current form and encourage the SEC to disapprove the Proposed Rule unless it is significantly amended to address the concerns expressed below.

Securities lending is an important tool for registered investment companies, including mutual funds, closed-end funds, and ETFs (collectively, "funds") to generate additional income for funds and add to fund returns, thus directly benefitting fund shareholders.[5] Securities lending also benefits the capital markets more broadly by making markets more liquid, resulting in lower trading costs for market participants, including funds, as a result of reduced bid-ask spreads.

As discussed below, we do not believe that the SEC can find the Proposed Rule to be consistent with the requirements of the Exchange Act, Rule 10c-1a, or Exchange Act rules applicable to FINRA because the Proposed Rule exceeds the authority that the SEC granted to FINRA in Rule 10c-1a. The SEC should not approve the Proposed Rule if it includes any additional data elements beyond those specified in Rule 10c-1a or requires reporting of intraday changes to a loan that do not reflect the final data elements for that loan.

I. The SEC Should Not Approve the Proposed Rule Because It Exceeds the Authority Granted in Rule 10c-1a

FINRA has proposed to require reporting of additional data elements beyond those specified in Rule 10c-1a in excess of the authority granted under the rule. Specifically, Rule 10c-1a directs FINRA to "authorize rules regarding the *format and manner* of its collection of information described in paragraphs (c) through (e) of this section and make publicly available such information."[6] Rule 10c-1a specifies the data elements that are to be reported under a securities lending reporting regime and does not authorize FINRA to collect additional data elements for this regime. As the SEC noted in adopting Rule 10c-1a, the rule "lists data elements that persons would be required to provide to [FINRA], but does not specify granular instructions for data elements or the formatting required for submission of the information to [FINRA]."[7] While the SEC stated that FINRA would have "discretion to structure its systems and processes as it sees fit and propose rules accordingly," the Proposed Rule still must be "consistent with the final rule as adopted as well as other requirements of the Exchange Act applicable to [FINRA]."[8]

Despite this clear limitation on FINRA's authority, the Proposed Rule includes several new data elements that were not prescribed by the SEC in Rule 10c-1a, including the expected settlement date; the effective date of loan modifications; the unique internal identifiers for allocations of omnibus loans; and information about loans that are subject to an exclusive arrangement, made to affiliates, unsettled as of the expected settlement date, terminated loans, rate or fee adjustments, and basket loans. While FINRA acknowledges that "Rule 10c-1a . . . expressly

[5] *See, e.g.*, ICI Viewpoints, Securities Lending by Mutual Funds, ETFs, and Closed-End Funds: The Basics (2014), *available at* https://www.ici.org/viewpoints/view_14_sec_lending_01.

[6] Exchange Act Rule 10c-1a(f) (emphasis added).

[7] *Reporting of Securities Loans*, Securities Exchange Act Release No. 98737, 88 Fed. Reg. 75644, 75667 (Nov. 3, 2023) ("Adopting Release").

[8] Adopting Release at 75667 n.365.

permits FINRA to establish rules regarding the *format and manner* of its collection of securities loan information," FINRA admits that it would require additional reporting of "specified loan identifiers and specified indicators and modifiers," and that "these additional items would provide regulators and the public with important information regarding reported securities loans."[9] Notwithstanding FINRA's characterization of the additional information as identifiers, indicators, and modifiers, in reality, each of these items is an additional data element not required under Rule 10c-1a and does not constitute FINRA establishing the "format and manner" of reporting data elements required by the SEC under Rule 10c-1a. Moreover, FINRA has failed to provide the public with a reasonable understanding of alternatives considered to their SLATE proposal, such as an approach that does not include additional data elements beyond those prescribed by Rule 10c-1a and that does not require reporting of intraday modifications.[10]

Allowing FINRA to create additional data elements clearly circumvents the rulemaking process that the SEC is required to follow under the Administrative Procedure Act, including the economic analysis conducted by the SEC to justify adopting Rule 10c-1a.[11] We believe the SEC should not approve the Proposed Rule with the additional data elements, and that the Proposed Rule should be amended significantly to address the concerns expressed herein. If the SEC believes that these additional data elements should be reported, the SEC should first propose amendments to Rule 10c-1a. This is essential to allow for notice and comment and for the SEC to conduct and publish an economic analysis that accounts for the entirety of the reporting obligation under Rule 10c-1a, and not just incremental reporting of the new data elements.

II. The Additional Proposed Reporting Obligations Will Result in Unnecessary Complexity and Costs, and Vague Implementation Standards

The proposed additional data elements and intraday reporting obligations will significantly increase the scope and complexity of the reporting obligation, discourage securities lending, and have detrimental implications for funds and their underlying investors. Further, it is unclear whether any of these additional data elements would increase the transparency of information available to brokers, dealers, or investors with respect to the lending or borrowing of securities as compared to rendering SLATE effectively unusable because of the complexity of the additional data elements. More importantly, the costs of reporting all data elements, including the new ones proposed by FINRA, have not been analyzed and would outweigh any potential benefits.

The concern is not just the number of new data elements that would be required to be reported, but the implications of the additional complexity created by the increased reporting obligations in the aggregate—none of which was considered by the SEC in its economic analysis in adopting

[9] Notice at 38213 (footnotes omitted).

[10] FINRA noted in their SEC filing simply that "FINRA considered various alternatives and the potential costs and benefits of those alternatives. On balance, FINRA believes the requirements in the proposed rule are appropriate in light of the anticipated benefits to the SLATE reporting, transparency, and regulatory framework." Notice at 38216. FINRA should provide the public with further information on alternatives considered and why FINRA chose to disregard them.

[11] We note, as well, that Rule 10c-1a is subject to ongoing litigation in the Court of Appeals for the Fifth Circuit challenging, among other things, the sufficiency of the SEC's economic analysis in adopting the rule.

Rule 10c-1a. Further, many of the elements of the Proposed Rule are unclear, with vague implementation standards to follow. Beneficial owners, including funds, will experience increased costs, either directly by building out their own reporting system, or indirectly by relying on a reporting agent, which will pass its compliance and reporting costs onto the beneficial owners. For beneficial owners that use securities lending agents, these lending agents will incur costs to build out their systems to report the required information, which would then be passed on to funds as well. These increased costs would likely produce lower net returns for investors from securities lending programs and could also result in some firms scaling back or ending securities lending programs where the additional costs of reporting to FINRA could render the programs no longer viable. The ultimate consequences of such an outcome could be a loss of liquidity in the securities lending market, which would increase trading costs for all investors.

ICI believes that the Proposed Rule as a whole should be disapproved because it exceeds FINRA's authority. If, however, the SEC is not inclined to disapprove the Proposed Rule, there are certain aspects of the Proposed Rule that must be removed or amended.

A. The New Indicators Would Not Produce Useful Information, Would Be Difficult to Implement, and Would Raise Significant Confidentiality Concerns

In addition to being beyond the scope of FINRA's authority under Rule 10c-1a, the proposed indicators—exclusive arrangement, loan to affiliate, unsettled loan, terminated loan, rate or fee adjustment, and basket loan—would be costly to report, might reveal beneficial owners' confidential information to other market participants, and would not yield useful information to users of the data. We explain in greater detail below the likely impacts of two of the proposed indicators: the rate or fee adjustment indicator and the loan to affiliate indicator.

Rate or Fee Adjustment Indicator. Proposed Rule 6530(c)(5) would require: "(A) If a loan rebate rate or lending fee accounts for a billing adjustment or correction to amounts previously rebated or charged, select the appropriate modifier; or (B) If a loan rebate rate or lending fee accounts for the value of a distribution or other economic benefit associated with the Reportable Security, e.g., a corporate action, select the appropriate modifier." The SEC should not approve the Proposed Rule if it contains either of these indicators, which would be difficult to implement, including because lending systems might not currently track the reason for rate changes or billing adjustments, and generally would not provide useful information to users of loan data.

Loan to Affiliate Indicator. Proposed Rule 6530(c)(2) would require information about loans to affiliates. FINRA explains that it proposes to add this indicator because of a concern that loans to affiliates may not reflect current market rates. FINRA states that, "[b]ecause an affiliate relationship between the borrower and lender or intermediary can impact borrowing costs, the affiliate loan indicator would likewise help to identify loans whose rates may not reflect current market rates."[12] We do not believe this indicator adds meaningful information and, as a result,

[12] For purposes of FINRA's rules, "affiliate" would be defined as "an entity that controls, is controlled by or is under common control with a Covered Person." See proposed Rule 6710(a). "Control" means legal, beneficial, or

the affiliate indicator should not be required. For example, registered funds can only engage in affiliated securities lending transactions in reliance on SEC exemptive or no-action relief, which requires that any fees paid by a fund to an affiliate not be based on the revenue or profit derived by the fund from securities lending. In addition, intermediaries negotiating loans might not be aware of an affiliate relationship between the borrower and underlying lender, and generally would be reliant on the lender to disclose any affiliate relationships. At a minimum, if this indicator is required, covered persons should be able to indicate "uncertain" or something similar if they are unaware of an affiliate relationship and should not have an affirmative obligation to determine whether an affiliate relationship exists.

FINRA suggests that the additional cost of the modifiers and indicators would be justified because they would "apply to specific scenarios where additional detail is appropriate to clarify the information required to be reported pursuant to proposed Rule 6530(a)(2) and (b)(2)" and are designed "to provide regulators and the public with important information regarding the reported security loan."[13] We do not believe these purported justifications are sufficient as the proposed modifiers and indicators will significantly increase the complexity and volume of reporting, particularly if intraday reporting of any changes to modifiers and indicators is required. These data elements will be burdensome to implement due to the various systems that would need to be cross-referenced or collated, and then assigned to loans by some method. Further, reporting these modifiers will be burdensome because this information would need to be tracked continuously and possibly reevaluated each day.[14]

B. Intraday Reporting Should Not Be Required and Reporting of Modifications Should Be Limited to Final Data Elements

Despite the SEC's thoughtful decision not to require intraday reporting of securities loan data, FINRA has proposed to require reporting of modifications of loans "not previously reported to SLATE"[15] in contravention of Rule 10c-1a(d). As written, Proposed Rule 6530, Supplementary Material .01 could be interpreted to require reporting of modifications to loans occurring on the day on which a covered securities loan is effected. Rule 10c-1a(d) is significantly more limited in the modifications that need to be reported, requiring only reporting of (1) modifications that occur after the data elements under Rule 10c-1a(c) are provided to FINRA, and (2) modifications to a covered securities loan for which reporting under Rule 10c-1a(a) was not required on the date the loan was agreed to or last modified. The latter modification requirement was intended to apply only to "day-one loans, or loans that are agreed to prior to the reporting date of the final

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equitable ownership, directly or indirectly, of 25% or more of the capital stock (or other ownership interest, if not a corporation) of any entity ordinarily having voting rights. *See* proposed Rule 6510(a). The term "common control" means the same natural person or entity controls two or more entities. *See* proposed Rule 6510(a).

[13] Notice at 38208 ("In addition to enhancing the disseminated data and its value to market participants, FINRA plans to use these modifiers for data validation (e.g., in instances where FINRA's data validation logic identifies the reported rate as potentially erroneous).").

[14] FINRA's articulated costs of the modifiers notes simply that "Covered Persons would incur costs for establishing processes to identify when the required modifiers must be appended and reporting such modifiers to SLATE" without any further quantitative analysis. Notice at 38215.

[15] Proposed FINRA Rule 6530, Supplementary Material .01.

rule."[16] FINRA should amend Proposed Rule 6530, Supplementary Material .01 to make clear that it applies only to modifications of covered securities loans previously reported to SLATE or modifications of covered securities loans for which reporting was not required on the date the loan was agreed to, specifically to capture only day-one loans. In addition, reporting of intraday modifications to loans should only be required for the final data elements for that loan.

FINRA also proposes to require reporting at the end of the day any intraday modifications that are made to covered securities loans. We are concerned that the proposed requirement to report intraday data reflects a misunderstanding of how the securities loan market operates and when a loan is final. FINRA's proposed rules do not have a clear definition of when a loan is "effected" for purposes of reporting. The SEC explained that whether or not a loan has been effected is a legal/factual question[17] and that Rule 10c-1a's end-of-day reporting requirement is intended to "help prevent an excessive number of incomplete or slightly modified reports that otherwise would occur throughout the day yet without providing any incremental value."[18] Securities loans have a minimum term of one day, and loans are not typically final before the end of the day. Thus, any intraday changes in loan terms are, by definition, not final. Reporting such intraday changes, even at the end of the day, is not meaningful information to market participants. As we explained to the SEC in our 2022 comment letter:

> Unlike transactions in the cash markets, such as equities and fixed-income securities, securities loans do not involve an outright purchase or sale. Furthermore, the terms of the securities loan are typically negotiated throughout the course of the day and often are not finalized until the end of that day or, potentially, the following business day. Thus, any information reported within 15 minutes would be misleading to investors, as it would not reflect final terms. The securities lending market is not characterized by substantial intraday activity and any intraday modifications to loan terms are unlikely to be meaningful to market participants, but instead would result in meaningless "noise" that does not reflect the final terms of a loan.[19]

We believe that FINRA's proposed methodology for reporting these changes is inconsistent with the SEC's conclusion in adopting Rule 10c-1a that an end-of-day reporting requirement is appropriate for securities loans, rather than the fifteen-minute reporting that the SEC proposed.[20] Reporting of intraday activity would result in a significant increase in the volume of reportable

[16] Adopting Release at 75672.

[17] The SEC further notes that "a delay in settlement (or if one of the agreed to loan terms is modified the next day) does not impact the initial requirement to report all loans (and modifications) within the required timeframes." Adopting Release at 75681.

[18] Adopting Release at 75680–81.

[19] *See* ICI Letter *supra* note 3.

[20] Adopting Release at 75680–81 ("Thus, in modifying the final rule to include an end-of-day reporting requirement, rather than requiring frequent intraday reporting, the Commission understands the frequency with which parties to a securities loan may agree to some of the basic terms initially, but that some or many of the securities loan terms may not be agreed to (or may be updated throughout the day and, thus, not finalized) until the end of the day.").

loan activity—and associated costs for FINRA to store that information and fees that are passed on to industry—with very little or no value for users of the data. Several of FINRA's proposed reporting requirements are not consistent with this principle and do not accurately reflect the way securities loans are negotiated or the way this market operates.[21]

For example, FINRA has proposed to require, for a loan modification, that if the covered securities loan is an allocation of an omnibus loan effected pursuant to an agency lending arrangement, the unique internal identifier for the associated omnibus loan assigned by the covered person responsible for reporting the covered securities loan be reported to SLATE.[22] FINRA's proposal to require reporting of allocations of an omnibus loan directly contradicts the SEC's decision in adopting Rule 10c-1a not to treat reallocations among a pooled loan's underlying constituents as a new covered loan or as a modification.[23]

Similarly, with respect to reporting loan rebates or fees, the SEC clarified that if FINRA chooses to allow market participants to report a spread and a benchmark for cash collateralized loans, then no modifications will be required to be reported from day to day unless there was a change in the negotiated spread to the benchmark or the benchmark itself. If FINRA chooses to require market participants to report the loan's rebate rate, which is the approach FINRA has taken in the Proposed Rule, then market participants will be required to report changes to the fee if the benchmark changes, which would require *daily* revisions of all outstanding securities loans that are priced as a spread to a benchmark, which could number in the thousands per lending agent. Requiring reporting of the total fee, as FINRA proposes, is not efficient, is unnecessarily costly and will be confusing to market participants. The vast majority of lending transactions have no change in negotiated pricing between lender and borrower on a given day; but as FINRA has proposed, loan modifications would be magnified significantly under such an approach as reporting would be required even when negotiated pricing hasn't changed. We recommend that FINRA instead require reporting of the spread and benchmark.

C. The Proposed Rule Should Account for Activities of Agent Lenders and Require Reporting Only After All Terms Are Agreed Upon

Agent lenders play a special role in the securities loan market, acting as intermediaries for multiple parties. An agent lender might agree to find securities loans for one or more borrowers, but given changes in a beneficial owner's holdings on a given day, the specific lender for a loan

[21] Rather, FINRA's proposed intraday reporting seems more analogous to reporting obligations under TRACE, which is inapposite, as the fixed income securities are very different than securities loans.

[22] Proposed FINRA Rule 6530(a)(2)(X).

[23] Adopting Release at 75664 ("For example, if a lending program as an individual entity is the party that is the lender of the covered securities loan, changes to the underlying participants, inventory providers, or customers of that lending program will not constitute a change to the parties of the covered securities loan. In that instance, unlike the lending program, the individual participants will not be lenders directly to the borrower of the covered securities loan. In that case, where a covered securities loan remains open and the only change that occurs is a reallocation among the pool's underlying constituents, that is not a change that will require reporting as a new covered securities loan or as a modification under paragraph (d) because there will be no change to a data element in paragraph (c) of the final rule.").

may not be determined until the end of the day. There might be various changes to the lenders and amounts loaned as the agent lender works to allocate all securities to be borrowed. Typically loans are not finalized until the end of the day when the loans are settled. The Proposed Rule's requirements related to intraday modifications would appear to require reporting of changes occurring throughout the day even where those changes might not reflect the terms of an agreed-upon loan. The Proposed Rule should be amended to clarify that, particularly with respect to agent lenders, information is not required to be reported until all terms of a loan are agreed upon.

III. FINRA Should Clarify the Process for Entering New Reportable Securities

FINRA's proposed requirements regarding the process by which reportable securities would be added to SLATE are vague and would appear to impose primary responsibility on covered persons, rather than on FINRA. We believe that FINRA should have primary responsibility for adding reportable securities to SLATE and not impose this obligation on covered persons, which would be burdensome and inefficient. The scope of reportable securities under FINRA's proposed rules would be the same as under Rule 10c-1a: "any security or class of an issuer's securities for which information is reported or required to be reported to the consolidated audit trail as required by Rule 613 of the Exchange Act and the CAT NMS Plan (CAT), the Financial Industry Regulatory Authority's Trade Reporting and Compliance Engine (TRACE), or the Municipal Securities Rulemaking Board's (MSRB) Real-Time Transaction Reporting System (RTRS), or any reporting system that replaces one of these systems."[24]

FINRA contemplates, however, that a covered person or reporting agent would have a significant role in providing information to FINRA to enter new reportable securities into SLATE. Proposed Rule 6530(d)(4) provides that, "[i]f a Covered Person makes a good faith determination that it has a reporting obligation under SEA Rule 10c-1a and this Rule 6500 Series, the Covered Person or Reporting Agent, as applicable, must report the Covered Securities Loan as provided in this Rule, and if the Reportable Security is not entered into the SLATE system, the Covered Person or Reporting Agent, as applicable, must promptly notify and provide FINRA Operations, in the form and manner required by FINRA, the information specified in Rule 6530(a)(2)(A) and (B), along with such other information as FINRA deems necessary to enter the Reportable Security for reporting through SLATE."[25] This seems to indicate that a covered person or reporting agent would need to notify FINRA to add securities to SLATE. It is unclear what this process would look like. For example, there could be multiple covered persons or reporting agents notifying FINRA of the same new reportable security. Updating the SLATE system for new securities is a key operational and maintenance task that should be FINRA's responsibility, with only limited input from covered persons or reporting agents, as necessary.[26]

[24] Proposed FINRA Rule 6510(k).

[25] Notice at 38210.

[26] For example, covered persons that are registered investment companies or lending agents are not typically broker-dealers.

IV. FINRA Should Increase the Threshold for Public Reporting of Loan Information

Under Proposed Rule 6540, Supplementary Material .01, FINRA may omit from the aggregate loan activity volume information for reportable securities for which there were three or fewer types of initial covered securities loan and loan modification events reported to SLATE in total on the prior business day. We are concerned that this *de minimis* amount is too low, and that a higher threshold is required to reduce the risk of confidential information being identified. We urge FINRA to make the de minimis threshold significantly higher. In addition, FINRA should be required to omit the aggregate loan information subject to the de minimis exception and should not have discretion whether to omit the information.[27]

V. FINRA Should Include Fees for SLATE as Part of the Proposed Rule

It appears that FINRA intends to separately file a proposed rule change to establish covered securities loan reporting fees and securities loan products and associated fees. Without knowing the proposed structure and magnitude of reporting fees, it is impossible for market participants, FINRA, or the SEC to adequately assess the costs and benefits of the Proposed Rule. As discussed above, the proposed SLATE rules would require data elements and reporting obligations in addition to those required under Rule 10c-1a, significantly increasing the complexity and, therefore, cost of market participants' reporting obligations. FINRA's and the SEC's experience with the Consolidated Audit Trail demonstrates the potential for ballooning costs of reporting and storing this type of detailed market data, including significant Cloud storage costs. The SEC must carefully consider all the costs of the Proposed Rule, including the unauthorized additional data elements, in deciding whether to approve the Proposed Rule.

It is difficult to meaningfully assess the implications of these proposed reporting requirements, including their impact on the economics of lenders' securities lending programs, without considering the proposed costs of SLATE reporting. Similarly, information about FINRA's proposed fees for securities loan data products is necessary in order to assess FINRA's plans to package and sell covered persons' data and to identify potential confidentiality and trade secret issues. We are concerned about how FINRA will package the data it sells (i.e., customized data sets); particularly, that packaging certain data elements together and then selling that package could raise confidentiality concerns.

Further, in a change from the proposal, when the SEC adopted Rule 10c-1a, it stated that, in addition to FINRA being permitted to establish and collect reasonable fees from reporting persons, the SEC also will permit FINRA to establish and collect reasonable fees for public access to that data.[28] As we asserted previously, given that the proposed reporting system is intended to benefit borrowers, as well as lenders and other market participants, it is critical that the SEC ensure that FINRA impose the costs of building and operating the reporting system

[27] Similarly, to help address information leakage concerns, the industry needs a better understanding of how summary statistics will be presented.

[28] As described above, all these fees, which will be subject to the SEC's oversight, will be the subject of a future proposed rule change by FINRA.

equally on lenders and borrowers, instead of solely on lenders.[29] As it stands today, all costs associated with submitting the data to FINRA will be borne by beneficial owners or their agents, whether as a result of investing in the infrastructure to report the data themselves or through the engagement of an external reporting agent.

VI. FINRA Should Publish Its Technical Specifications for Public Comment

FINRA's technical specifications were published without a public comment period. As the industry has learned from the technical specifications associated with CAT, technical specifications can often reflect important and substantive policy decisions, and implementation can require complex systems work. FINRA should be required to submit the technical specifications as a proposed rule change subject to SEC approval to provide all impacted constituencies the opportunity to comment on the technical specifications prior to implementation.

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Thank you for the opportunity to provide comments on the Proposed Rule. If you have any questions on our comment letter, please feel free to contact Paul Cellupica at paul.cellupica@ici.org or Kimberly Thomasson at kthomasson@ici.org.

Regards,

/s/ Paul Cellupica

Paul Cellupica
General Counsel

/s/ Kimberly Thomasson

Kimberly Thomasson
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[29] *See* ICI Letter, *supra* note 3.

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