May 19, 2026

Mr. Jamie Selway
Director, Division of Trading and Markets
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

**Re: Amendments to Electronic Submission Requirements for Security-based Swap Dealer Valuation Dispute Reports and ANE Exception Notices**

Dear Mr. Selway,

The Securities Industry and Financial Markets Association[1] ("**SIFMA**") is writing to highlight critical concerns about certain requirements included in the U.S. Securities and Exchange Commission's ("**SEC**" or "**Commission**") Electronic Submission of Certain Material Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report ("**Final Rule**").[2] Following up discussions with staff, we are providing additional comments related to the submission of securities-based swap dealer ("**SBSD**") notices filed pursuant to Rule 15fi-3(c) ("**Valuation Dispute Notices**" or "**VDNs**") and notices filed pursuant to Rule 3a71-3(d)(1)(vi) ("**ANE Exception Notices**"). We also have critical concerns with other requirements, which we have commented on via separate submissions and look forward to discussing those concerns with staff and the Commission.[3]

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1 SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit http://www.sifma.org.

2 *See* Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report, 90 FR 7250 (Jan. 21, 2025).

3 Recently SIFMA submitted letters on the applications of certain requirements to broker dealer ("BD") and SBSD audited annual reports and BD quarterly and annual risk reports (Mar. 13, 2026), https://www.sifma.org/advocacy/letters/electronic-submission-of-certain-material-bd-sbsd-audited-financial-and-bd-risk-report-requirements, and chief compliance officer annual compliance reports (Feb. 17, 2026), https://www.sifma.org/wp-content/uploads/2026/02/SIFMA-Letter-on-Electronic-Submission-of-CCO-ACR.pdf.

Background

In early 2023 the Commission approved a proposed rulemaking covering a broad number of different types of forms, filings and submissions that are required to be filed with or submitted to the Commission under the Securities and Exchange Act of 1934 and related rules and regulations thereunder ("**Proposed Rule**").[4] Among many proposed requirements, the Proposed Rule would require the electronic filing or submission on the Commission's Electronic Data Gathering, Analysis, and Retrieval ("**EDGAR**") system, using structured data for certain materials, framed as part of the Commission's effort to modernize its information collection and analysis methods.

In our comment letter submitted on May 22, 2023,[5] SIFMA expressed its support for modernizing the document submission process for broker-dealers, over-the-counter derivatives dealers and SBSDs, and improving the utility and functionality of the forms and their data for the Commission, market participants, and dealers. These included, for example, updates to FOCUS reports which had been the subject of significant and productive discussions between staff and industry aimed at achieving these shared goals.

At the same time, however, we noted strong concerns with several requirements that would impose significant costs and burdens on market participants without providing a clear benefit. Further, we described many cases where there are mechanisms to achieve the Commission's objectives that would be substantially less costly and burdensome for firms than those proposed. In addition, some aspects of the Proposed Rule, such as the requirement to submit fillable web forms on EDGAR in lieu of PDFs, would undermine the Proposed Rule's goals by introducing inefficiencies and opportunities for human error.

On December 16, 2024, the Commission approved, three votes to two, the Final Rule, retaining most of the requirements we urged the Commission to reconsider. The two dissenting Commissioners in their December 16 statement pointed out one of the key themes we raised – that imposing structured data requirements without considering rapid technological advancement runs counter to the stated Commission objectives.[6]

Another key theme we raised is that the evaluation on the costs of mandating structured language requirements cannot be conducted properly without staff providing at least a draft taxonomy, the analysis of which would be the first step in any cost assessment. Since no such taxonomy was produced, it was not possible for anyone to accurately assess costs. Further, because the work necessary to comply with structured language requirements – including mapping report

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4 *See* Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report, 88 FR 23920 (Apr. 18, 2023).

5 SIFMA letter in response to the Proposed Rule (May 22, 2023), https://www.sifma.org/wp-content/uploads/2023/05/Electronic-Submission-of-Certain-Materials-Under-the-Securities-Exchange-Act-of-1934.pdf ("SIFMA Letter").

6 *See* Commissioner Hester M. Peirce and Commission Mark T. Uyeda, Dissenting Statement on Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934 and Amendments Regarding the FOCUS Report (Dec. 16, 2024) ("Dissenting Statement").

content to taxonomy and any necessary report redesign, as well as technological and operational builds and testing – cannot begin until a final taxonomy is published, we urged the Commission to link compliance deadlines for various reports with the publication of a related final taxonomy. The Final Rule set compliance deadlines for registrants without acknowledging the lead time necessary post-publication of a taxonomy to accomplish compliance. Further, the Final Rule did not set any deadlines for the publication of taxonomies (or deadlines for updating EDGAR functionality for that matter).

By early 2025 the Commission had not published any draft, let alone final, taxonomies, and therefore there was not sufficient time for the implementation of certain of the structured language and EDGAR publication requirements, which would have begun in January 2026. Considering the foregoing, as well as SIFMA's continuing belief that certain requirements in the Final Rule were not fit for purpose, in May 2025 SIFMA wrote to staff requesting an extension of certain compliance dates.[7] In September 2025, the Commission published a final rule extending compliance dates by 12 months.[8]

Since the publication of the Final Rule, there have been other policy developments relevant to reconsideration of its requirements. In early 2025, President Trump issued Executive Orders on deregulation which emphasize, among other criteria, that the cost of regulation should not outweigh its benefits.[9] Consistent with that mandate, the Commission, together with the U.S. Commodity Futures Trading Commission ("**CFTC**") launched a workstream on regulatory harmonization efforts, which were kicked off by an SEC-hosted roundtable on September 29, 2025 and followed up by a joint event hosted by the CFTC on January 29, 2026. Coordination and harmonization were highlighted at both events and by both chairmen. Chairman Atkins noted "…for decades, we have compelled market participants to operate within a maze of overlapping and often inconsistent regulatory frameworks that reflect historical boundaries more than modern realities."[10] This imperative applies as aptly to swaps regulation, and the divergent approaches adopted.

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7 Letter from Kyle Brandon, Managing Director, SIFMA (May 13, 2025).

8 *See* Extension of Compliance Dates for Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report, 90 FR 43552 (Sept. 10, 2025).

9 *See* Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative, Executive Order 12866 (Feb. 19, 2025).

10 *See* Chairman Paul S, Atkins, Opening Remarks at Join SEC-CFTC Harmonization Event – Project Crypto (Jan. 29, 2026).

Executive Summary

As discussed in greater detail below, the requirement to submit VDNs in EDGAR in an eXtensible Markup Language ("**XML**")-based structured data language specific to those documents ("**Custom XML**") is flawed in significant ways. While we highlighted many of these concerns and objections to the requirement in the SIFMA Letter on the Proposed Rule, we provide further comments below to illustrate the need to revisit this requirement well before the upcoming compliance date.[11]

We believe the imposition of these amendments is inconsistent with the regulatory policy goals and functionality of VDNs. Further, it is contrary to the current, broader SEC goals of modernization, efficiency, cost reduction, clarity and harmonization. Consistent with those goals, the current Commission is carefully evaluating, and where appropriate, alleviating regulatory burdens that are not justified on a cost-benefit basis. We believe the imposition of the requirements described in this letter does not meet this Commission's standards.

The previous Commission did not consider adequately the costs imposed by the Final Rule, nor seriously consider available alternatives to achieve its stated goal of improving the usefulness of VDNs for supervision. VDNs are confidential and therefore the requirement to submit notices via EDGAR can have no public reporting benefit. There is an opportunity for this Commission to correct that oversight and tailor its requirements to facilitate appropriate supervision without imposing unnecessary costs.

Below we elaborate on several key themes we believe support our request that the Commission reexamine and consider withdrawing the structured language requirement from the VDN section of the Final Rule.[12] The requirement:

- Is Inconsistent With the Purpose of These Notices;
- Is Contrary to the SEC's Goals of Modernization, Efficiency and Harmonization;
- Adds Unnecessary Complexity and Liability;
- Imposes Unjustified Costs; and
- Was Finalized Without Due Consideration of Better and Lower-Cost Alternatives.

We further discuss similar flaws regarding ANE Exception Notices-related changes. While the Final Rule does not impose structured language requirements to these notices, it does make amendments that are contrary to the purpose of the notices and adds unnecessary complexity and risk, where there currently is none.

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[11] For notices covered in this letter, the compliance date for the new requirements apply to notices submitted on or after January 1, 2027 (extended from January 1, 2026).

[12] As we mentioned above, we believe reconsideration is also needed in regard to requirements related to the submission of other materials, including structured language requirements for BD and SBSD audited annual and BD risk reports, as well as SBSD chief compliance officer annual compliance reports.

**The Requirement Is Inconsistent with the Purpose of these Notices**

Valuation Dispute Notice requirements provide regulators with early warning of potentially material risk exposures that may not be visible through routine reporting. Because such notices are required only when disputes exceed a materiality threshold (generally $20 million) and remain unresolved after defined time periods, they focus regulatory attention on disputes that may signal counterparty stress, liquidity strains related to margin or collateral, or significant valuation model divergence during periods of market volatility. From SIFMA's perspective, this approach supports effective oversight without generating excessive operational noise.

VDN requirements act as a backstop to existing portfolio reconciliation obligations rather than a substitute for them. The prospect of regulatory notification encourages prompt internal escalation, senior management awareness, and disciplined governance around valuation disputes. This reinforces strong internal controls, documentation practices, and consistency in valuation methodologies across products, desks, and affiliates, while preserving firms' ability to rely on their established valuation and reconciliation systems.

Standardized VDNs enable regulators to monitor trends and patterns across firms and counterparties. From an industry perspective, this allows regulatory authorities to identify recurring issues, concentrations of disputes in particular asset classes, or emerging market-wide stresses without resorting to ad hoc data calls. SIFMA generally views this structured, event-driven reporting as preferable to episodic and potentially disruptive regulatory requests during times of market stress.

Swap dealers developed internal systems to monitor/track valuation disputes in a standardized format according to the National Futures Association ("**NFA**") submission requirements.[13] These systems were also designed to facilitate submission via NFA's WinJammer system. VDNs may be entered manually into a form or uploaded as an XML file that conforms to NFA's published schema. As valuation disputes rise or fall through reportable thresholds, swap dealers can modify VDNs in WinJammer. In this way, NFA developed a submission functionality which matched the notices and their purpose – to provide limited data on material disputes that can be updated over time, giving regulators visibility to material disputes, while minimizing costs.

VDNs and associated amendments and terminations cannot be meaningfully represented in EDGAR. EDGAR does not provide registrants with easily accessible record level identifiers, native version control or automated lifecycle tracking to reliably associate amendments and terminations with an original notice, instead treating each submission as a standalone filing. As a result, EDGAR cannot present a consolidated view of the status or evolution of a valuation dispute over time. Unlike systems designed for confidential regulatory reporting, EDGAR architecture is optimized for static disclosures rather than managing an evolving regulatory record.

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[13] NFA, 9072 - NFA Compliance Rule 2-49: Swap Valuation Dispute Filing Requirements (effective January 2, 2018), https://www.nfa.futures.org/rulebooksql/rules.aspx?Section=9&RuleID=9072.

For these reasons, while some firms currently upload initial VDNs in EDGAR, they submit amendments and terminations to the Commission via email using the accession number associated with the original report. Were the Commission to require firms to submit amendments and terminations of VDNs via EDGAR, it would upend this process and force firms to create a new manual mechanism to associate each new accession number for amendments and/or terminations submitted via EDGAR with the original VDN.

Further, EDGAR was designed as a public disclosure system. By contrast, VDNs are confidential regulatory notices. Unlike the Commission's own examination correspondence channels or WinJammer, which are purpose-built for non-public regulatory submissions, EDGAR's architecture creates residual risks that confidential VDN information could be inadvertently published, surfaced through APIs, or captured by third-party EDGAR aggregation services. Even if such outcomes are unlikely, the risk profile is qualitatively different from the current email-based submission process and from other systems designed specifically for confidential regulatory communications. The Final Rule does not adequately address this mismatch or explain why confidential early-warning notices should be routed through infrastructure designed principally for public dissemination.

As we wrote in our comment to the Proposed Rule, until the Commission modernizes EDGAR to provide more robust archival capabilities, with user-friendly VDN maintenance functionality, it should continue to allow SBSDs to submit VDNs (and subsequent amendments and terminations) by email or EDGAR in PDF format.

Below we discuss alternatives the Commission should have considered more earnestly in the rulemaking process– but can consider now.

*In Summary: While we support the Commission's objective of improving the accessibility and usability of information, "machine-readability" is an outcome, rather than a single technology choice. As PDFs are machine-readable, mandating the switch to another static reporting process is to impose a cost and introduces risks without an appropriate reporting system to reap the benefit.*

**The Requirement Conflicts with SEC Modernization, Efficiency and Harmonization Goals**

As noted by Commissioners Peirce and Uyeda in their dissenting statement, "[I]in an era where large language models and artificial intelligence are rapidly advancing, the possibility that the structured data format may become irrelevant is very real."[14] As firms and regulators focus on the implementation of artificial intelligence tools and analysis, any reporting or submission requirement should at the very least take such capabilities into account when identifying and evaluating how to modernize and enhance oversight.

[14] *See* Dissenting Statement.

As discussed above, the NFA has already developed an XML schema, forms and filing functionality for these notices, which has been used to satisfy CFTC and NFA requirements since 2018. Surely a logical first step would be to explore how to leverage their experience and potentially, their systems. Making use of an existing format to satisfy similar requirements, and a possible common point of entry and filing, would be far more consistent with the SEC's goals for efficiency and harmonization, while mandating a separate schema and static submission system, which may soon become outdated, imposes demonstrated costs without commensurate benefits.

*In Summary: The requirement does not comport with the SEC's policy to promote efficiency in regulatory compliance and is contrary to efforts to harmonize requirements and thus reduce the friction and expense of overlapping, yet inconsistent regulatory requirements.*

**The Requirement to Apply a Unique Schema in a Fillable Form Introduces Complexity and Liability**

Currently, SBSDs typically submit VDNs in PDF format via email or EDGAR. Some SBSDs that are dually registered as swap dealers use their NFA-compliant systems to create PDFs, which are submitted to the Commission via email or EDGAR. Using existing systems to populate PDFs automatically serves to reduce the risk of human error and promote efficiency. These efficiencies would be lost for these firms if they are mandated to submit VDNs using an SEC-mandated schema or fillable webform on EDGAR. Firms would need to build new workflows to copy and paste the text from the relevant data output into the form. In order to minimize the risk of error, firms would likely need to use an "over the shoulder" check, whereby a second individual would watch the first individual input the data. Not only would this create inefficiency without corresponding benefit, it would also not eliminate the risk of error.

Further, the operational burden is not limited to initial submissions. Valuation disputes frequently oscillate around the applicable reporting thresholds as positions are revalued, collateral moved, and counterparties reconcile differences over time. Requiring firms to submit each reportable instance through a machine-readable EDGAR process would therefore trigger repeated procedural obligations each time a threshold is crossed or re-crossed. This would generate substantial incremental governance, internal review, reconciliation, and resubmission burdens, materially increasing operational complexity relative to current processes. Those burdens are especially difficult to justify where the underlying regulatory objective is simply to alert the Commission to material disputes, and where repeated SEC-specific structured submissions do not enhance the substantive utility of the notice as compared with current methods.

*In Summary: The mandatory use of new schema and fillable forms can produce filing errors or refiling risk even when the underlying report content is substantively correct. It also creates recurring procedural burdens as disputes move above and below reportable thresholds. Together, these features would require added internal controls, governance, and troubleshooting processes*

*rather than the report's substance, increasing compliance burdens on firms unrelated to the underlying accuracy of the VDNs.*

**The Requirement Imposes Unjustified Costs**

As far as we know, vendors are not currently planning to provide this service and therefore we have not been able to source third party estimates. For a firm with an in-house engineering team, it is estimated that it would cost more than $50,000 and take six months of development time to develop a new XML format for VDNs. Further, there would be a continuing cost for member firms to train and maintain access profiles for employees on both WinJammer and EDGAR for essentially the same VDNs. Suffice it to say, there will be both direct and indirect, external and internal costs associated with these requirements.

*In Summary: Consistent with the Commission's stated emphasis on efficiency and smart, tailored modernization, the incremental benefits of this prescriptive requirement should have been weighed against the incremental costs. Such consideration must also include an open-minded solicitation and examination of lower cost and potentially superior alternatives, some of which are discussed below.*

**The Requirement Was Finalized Without Due Consideration of Lower-Cost Alternatives**

Although we raised the above concerns, among others, in our comment letter, to our knowledge, staff did not explore alternative means to achieve the Commission's stated goal of improved oversight. Such alternatives could, for example, take the form of:

- Meeting with Covered Entities – individually or through industry groups – to discuss staff's concerns and how best to address them.
- Improving aggregation and comparability of data across time or across firms by providing guidance, such as the established schema relied on for parallel CFTC and NFA requirements.
- Working with NFA to learn about and potentially leverage established submission methods. The requirement to submit VDNs via EDGAR, which lacks sufficient system functionality, is inconsistent with firms' obligation to properly maintain existing VDNs via amendments and terminations.
- Exploring efficient and modern techniques for data aggregation. PDFs are machine-readable and therefore can support data aggregation. If there are other aspects of VDN submissions that staff is struggling to aggregate, a discussion with registrants and exploration of modern, less costly techniques should be the favored approach.

Based on discussions with Covered Entities, as well as exploring how fellow U.S. regulators address similar challenges, staff could issue FAQs or guidance to enhance reports and develop queries without requiring the expense and collateral consequences of requiring a new schema or unsuitable submission methods.

The types of approaches described above would also have the benefit of flexibility, which the Final Rule lacks. As technologies evolve, staff can work together with SBSDs to further enhance and refine the techniques applied to ingest VDNs, as well as aggregate and analyze them. Even in the period since this rule was first proposed, off-the-shelf artificial intelligence tools, particularly large language models, are routinely used for the kind of analysis relevant to these notices.

*In Summary: As Commissioner Uyeda recently remarked in a somewhat different context, "SEC rules should remain technology-neutral, focusing on outcomes rather processes, while ensuring appropriate investor protection."*[15] *An analysis of costs vs. benefits should distinguish between (i) the general proposition that structured information can facilitate analysis and (ii) the incremental, measurable benefits attributable specifically to a mandatory requirement as compared to less prescriptive approaches. Assertions about "machine readability" should be accompanied by evidence of (a) investor usage, (b) measurable reductions in search/processing costs, and (c) improvements in regulatory outcomes that are attributable to this mandate rather than other sources of digitization.*

**ANE Exception Notices**

The Final Rule requires registrants that rely on the exception from counting certain SBS dealing transactions from the de minimis threshold for determining whether a person must register as a SBSD (the "**ANE Exception**") to submit ANE Exception Notices via EDGAR. The Commission stated in it the Proposed Rule that this will "enhance the ability of [firms] and their affiliates to access and use the filed ANE Exception Notices to determine their progress toward the ANE Exception's cap on inter-dealer security-based swaps."[16] SIFMA disagrees. As noted in our comments on the Proposed Rule, EDGAR's search functionality is cumbersome and inefficient, making it difficult and more burdensome for firms to find important information for compliance purposes, including the ANE Exception Notices. As a result, contrary to the Commission's prior assertion, this requirement would not improve the availability of ANE Exception Notices, which are currently easily accessible on the SEC website.

Additionally, in the nearly five years since the SEC's SBSD registration requirements went into effect, only three firms have filed a notice to satisfy the ANE Exception requirements, which is significantly fewer than the SEC's initial estimate of 24 firms. We believe very little benefit, if any, can be realized by imposing the EDGAR filing requirement for the limited number of filed notices, particularly for the three firms that have filed notices, if they are required to refile their existing notices in EDGAR.

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[15] *See* Commissioner Mark T. Uyeda, Remarks at the Asset Management Derivatives Forum 2026, Austin, TX (February 9, 2026).

[16] *See* Proposed Rule 23955.

*In Summary: For these reasons, even if the Commission persists in requiring firms to submit ANE Exception Notices via EDGAR, it must continue to publish such notices (including any subsequent withdrawal notices) on its website.*[17]

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SIFMA and its members greatly appreciate the Commission's ongoing efforts to modernize and make the reporting and submission process more efficient, as well as to streamline and right-size the costs of regulatory compliance. We look forward to discussing our comments and collaborating on the best possible outcome for regulatory and compliance oversight. Please do not hesitate to contact the undersigned if you have any questions or require more information.

Sincerely,

Kyle L Brandon
Managing Director, Head of Derivatives Policy
SIFMA

CC: The Hon. Paul S. Atkins, Chairman
The Hon. Hester M. Peirce, Commissioner
The Hon. Mark T. Uyeda, Commissioner

[17] We would also note that there are currently only three such ANE Exception Notices, and they are easily found on the SEC's website.