



May 18, 2026

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

RE: Recommendations to Improve Rule 10c-1a for Reporting of Securities Loans

Dear Ms. Countryman:

SIFMA¹ submits this letter to recommend that the Securities and Exchange Commission (“SEC” or “**Commission**”) make certain limited changes to Rule 10c-1a (Reporting of Securities Loans), which the Commission adopted under the Securities Exchange Act of 1934 (“**Exchange Act**”) on October 13, 2023.² Subsequent to its adoption, Rule 10c-1a and another highly interrelated rule adopted by the Commission on the same day, Rule 13f-2 (Short Position and Short Activity Reporting by Institutional Investment Managers),³ were challenged together in the Fifth Circuit Court of Appeals. The Fifth Circuit remanded the rules to the Commission to conduct a cumulative economic analysis of the rules after finding that because of the close relation of the two rules the Commission should have considered both rules collectively in each rule’s respective economic analysis.⁴ As the Commission undertakes this analysis, we understand that the Commission is also considering amending Rules 10c-1a and 13f-2 to ensure that both rules are appropriately tailored to achieve their important transparency goals.⁵

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).

² 17 CFR § 240.10c-1a. See Release No. 34-98737 (Oct. 13, 2023), 88 FR 75644 (Nov. 3, 2023).

³ 17 CFR § 240.13f-2. Release No. 34-98738 (Oct. 13, 2023), 88 FR 75100 (Nov. 1, 2023).

⁴ *National Assoc. of Private Fund Managers, et al. v. SEC*, No. 23-60626 (5th Cir., Aug. 25, 2025), <https://www.ca5.uscourts.gov/opinions/pub/23/23-60626-CV0.pdf>.

⁵ See Paul S. Atkins, Prepared Remarks Before SEC Speaks (Mar. 19, 2026), <https://www.sec.gov/newsroom/speeches-statements/atkins-remarks-sec-speaks-031926-prepared-remarks-sec-speaks> (noting that “following a court’s remand of two rulemakings related to securities lending and short sales, we have an opportunity to holistically reevaluate these rules, and I have directed the staff to make recommendations regarding a reporting regime that balances the policy goals with the burdens of reporting. This ruling also serves as

SIFMA submits for the Commission's consideration the following specific recommendations for amending Rule 10c-1a, which SIFMA believes would serve to "right-size" the rule by reducing risks, costs, and operational burdens, while maintaining the transparency benefits of the rule that were intended under the Dodd-Frank Act.

Executive Summary

SIFMA supports the Commission's policy goal, required by the Dodd-Frank Act, of increasing transparency in the securities lending market for brokers, dealers, and investors.⁶ With this in mind, SIFMA has identified three principal recommended amendments to Rule 10c-1a that we believe would increase transparency in the securities lending market but under a reporting regime that is more appropriately tailored to require reporting only of securities lending data that is reasonably likely to be meaningful and relevant to market participants. If implemented, these recommendations also should reduce the overall costs and burdens on SIFMA members of reporting securities loan information, as well as the overall cumulative economic impact for industry-wide compliance with reporting obligations under Rules 10c-1 and 13f-2:

1. Expressly exclude short arranged financing transactions with customers from the definition of "covered securities loan" under Rule 10c-1a(j)(2). Prime brokers offer their institutional customers short arranged financing to facilitate their short sales and these transactions (a) typically have bespoke economic terms that are not transaction specific; (b) are substitutes for and economically equivalent to customer short positions that are more appropriately reported as, and would be largely duplicative to reporting of, short positions under Rule 13f-2; and (c) would be operationally difficult and costly to report. Reporting short arranged financing transactions would not meaningfully improve transparency in the securities lending market, but would increase risks of information leakage of sensitive short investment strategies.
2. Amend Rule 10c-1a(g) to require public dissemination by the Financial Industry Regulatory Authority ("FINRA") of loan-specific non-confidential data elements reported pursuant to Rules 10c-1a(c) and (d) on the 20th business day after a covered securities loan is effected or modified to limit the risk of data leakage of time sensitive short investment strategies that can result from earlier public dissemination.
3. Amend Rule 10c-1a to require reporting only of securities loans that actually settle, given that unsettled securities loans generally do not represent binding enforceable transactions.

a useful reminder that cost-benefit analyses are essential in ensuring that our policies are sound and able to withstand the test of time.").

⁶ Section 984(b) of the Dodd-Frank Act directs: "Not later than 2 years after the date of enactment of this Act, the Commission shall promulgate 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." Pub. L. 111-203, sec. 984(b), 124 Stat. 1376 (2010).

In addition to these three core recommendations, SIFMA provides in Section IV other important recommendations that would reduce unnecessary costs and burdens involved in 10c-1a reporting for the Commission's consideration as it reviews Rule 10c-1a.

Background

On August 25, 2025, the Fifth Circuit remanded Rules 10c-1a and 13f-2 to the Commission to conduct a cumulative economic analysis of the rules. In September 2025, Chairman Atkins acknowledged the Fifth Circuit's decision and stated that he had "directed Commission staff to evaluate the rules in light of the opinion and make recommendations for appropriate Commission action, including potential changes to the rules and adjustments to the related compliance dates."⁷ In December 2025, the Commission published an Order Granting Temporary Exemptive Relief, which extended the compliance date for covered persons to begin reporting under Rule 10c-1a until September 28, 2028.⁸ The order indicated these extensions were necessary to allow the Commission time to respond to the Fifth Circuit's opinion and take any further appropriate actions, which could include proposing amendments to Rules 10c-1a and 13f-2.

SIFMA appreciates the Commission's thoughtful review of Rule 10c-1a as it looks to balance the risks, costs, and operational burdens of securities loan reporting, while maintaining the transparency benefits of the rule. Below, we describe specific recommendations for the Commission to consider as it conducts its review.

Discussion

I. Exclude Short Arranged Financing Transactions With Customers from Securities Loan Reporting Requirements

A. Description of Short Arranged Financing Transactions

Prime brokers may offer securities financing programs commonly known as arranged financing (also referred to as "enhanced lending" or "short arranged financing") to their institutional customers. Arranged financing is best understood as a prime brokerage financing construct used to facilitate institutional customers' short sales. Specifically, in short arranged financing, a U.S. broker-dealer arranges for its institutional customers to borrow shares from the broker-dealer's U.S. or foreign affiliate in connection with financing a short position in the customer's account. For example, if an institutional customer that utilizes arranged financing is selling short 500 shares of ABC stock (resulting in a corresponding increase in the customer's short position of 500 shares), the customer will borrow 500 shares of ABC through its prime broker's arranged financing program. To facilitate the customer's short position via arranged

⁷ Paul S. Atkins, Statement Regarding Rule 10c1-a and Rule 13f-2 and Related Form SHO (Sept. 5, 2025), <https://www.sec.gov/newsroom/speeches-statements/atkins-2025-rule10c1aandrule13f-090525>.

⁸ Release No. 34-104303 (Dec. 3, 2025), 90 FR 56813 (Dec. 8, 2025). FINRA's public dissemination of reported information would commence on March 29, 2029.

financing, a prime broker typically lends securities to its affiliate, which in turn lends the relevant securities to the prime broker's customer. In this example, the customer will use the 500 shares borrowed to close an equivalent portion of a short in its account with the prime broker (thereby transferring the entity to whom the customer is short from the prime broker to the prime broker's affiliate).

For the reasons discussed below, the Commission should exclude from the definition of "covered securities loan" under Rule 10c-1a(j)(2) loans between the prime broker's affiliate and its customers to facilitate short arranged financing transactions ("**Customer AF Loans**"), including loans structured in arranged financing as offsetting cash-collateralized securities loans and borrows. We also believe that the Commission should consider excluding from reporting under Rule 10c-1a loans between the prime broker and its affiliate to facilitate short arranged financing transactions ("**Affiliate AF Loans**"). Specifically, SIFMA recommends that Rule 10c-1a be amended by adding the following new Rule 10c-1a(j)(2)(iv):

(iv) Notwithstanding paragraph (j)(2)(i) of this section, any loan of securities that a prime broker has arranged between its affiliate and its customer as a means of financing the customer's short position in the securities the customer has borrowed, as well as any loan of securities a prime broker enters into with its affiliate for the specific purpose of financing the short positions of its customers, in the prime broker's arranged financing program will not be a covered securities loan for purposes of this rule.

B. Short Arranged Financing Transactions Have Bespoke Economic Terms and Public Dissemination of These Terms Will Not Enhance Meaningful Transparency in the Securities Lending Market

Unlike the traditional securities lending market, where broker-dealers primarily source securities from institutional securities lenders or their lending agents via securities loans that typically adhere to industry-wide conventions as to structure, terms, and fees, arranged financing programs differ by prime broker and involve terms negotiated between a prime broker and its institutional customer based on a variety of factors at the time the arrangement is created. As a result, these terms, including the fee or rate, are bespoke and unique to each prime broker and its individual institutional customers

The economic terms and data elements of short arranged financing transactions are materially different from the economic terms and data elements reflected in the traditional securities lending market. For example, in a traditional securities loan, a broker-dealer charges (or pays to) its customer a set fee depending on the type of securities it borrows from the customer. The broker-dealer documents the terms of that securities loan, including the fee, on its books and records as a securities loan.⁹ This type of traditional securities loan is (and should be)

⁹ As we noted in our January 7, 2022 comment letter, in addition to being booked as securities loans on a broker-dealer's books and records, securities loans are "treated as securities loans for financial reporting purposes (including under SEC public company reporting guidance and on Financial and Operational Combined Uniform Single ("FOCUS") Reports)." See SIFMA Comment Letter re: Release No. 34-93613; File No. S7-18-21

reportable under Rule 10c-1a as adopted, and the Rule 10c-1a data elements generally are tailored to capture relevant information about these securities loans that can help inform market participants about the state of the market for securities loans.

In contrast, short arranged financing transactions are not booked in the same securities lending booking systems used for traditional securities loans. Furthermore, in short arranged financing, the fee or rate charged to a customer is highly variable and is not specific to the arranged financing transaction (or the cost of borrowing the same shares in the traditional securities lending market). Rather, the fee or rate is calculated as part of the broader fee the prime broker charges the customer for the variety of services it provides (e.g., clearing, settlement, custody, asset servicing, financing, etc.) and can be influenced by the composition of a customer's positions *in the aggregate*, making it difficult to extrapolate or determine a specific fee or rate for any particular short arranged financing transaction. Arranged financing fees or rates also may vary based on the prime broker's counterparty credit risk assessments of its customer.

These distinctions also help clarify the appropriate treatment of certain securities loans that may occur alongside an arranged financing structure. For example, in order to lend securities to an affiliate as part of an arranged financing program, a prime broker may itself borrow those securities from a third-party lender, such as an agent lender or another market participant. That borrowing transaction is a traditional securities loan: it is documented as such, includes a lending fee or rebate, and is recorded on the prime broker's books and records as a securities loan and booked in its standard securities lending booking systems. Its economic terms reflect prevailing conditions in the securities lending market and are independent of the downstream arranged financing relationship with the prime broker's institutional customer. Accordingly, this type of securities loan falls within the definition of a "covered securities loan" and should be reported under Rule 10c-1a. Including such transaction in the Rule's reporting regime is consistent with the Commission's transparency objectives. This example highlights the important distinction between traditional securities lending activity and arranged financing constructs that function as short sale sourcing and financing mechanisms rather than traditional securities loans.

As a result of these fundamental differences between traditional securities loans and short arranged financing, requiring Customer AF Loans to be reported in the scope of "covered securities loans" under Rule 10c-1a would not accomplish the Commission's goals of providing meaningful transparency in the market for securities loans — indeed it would likely cause significant confusion and misinterpretation by the public. Further indicating that short arranged financing transactions would not provide meaningful data is the fact that prime brokers currently do not provide any information about short arranged financing transactions to securities lending data vendors, and such vendors do not disseminate information about arranged financing transactions to their subscribers.

Similarly, the Commission should consider excluding from reporting under Rule 10c-1a Affiliate AF Loans, as they also could cause significant confusion and misinterpretation by the public. In this respect, for some broker-dealers, these transactions are booked as securities loans outside the systems used for other inter-affiliate securities loans, and the fees or rates associated with them are not reflective of market rates. Moreover, in this model, the Affiliate AF Loans may also have a one-to-one relationship with the customer's short activity and so the disclosure of Affiliate AF Loans risks revealing sensitive customer trading strategies.

The following table addresses how several of the data elements currently required to be reported by Rule 10c-1a, when applied to short arranged financing, would not provide the public any meaningful information about the market for securities loans.

Proposed 10c-1a Transaction Data Element	Misapplication to Short Arranged Financing Transactions
The time the covered securities loan was effected	Not meaningful data. The time of day at which an arranged financing transaction is effected often would not be knowable or meaningful to a prime broker that facilitates the arrangement for its customer. Generally, these securities borrows are set up to occur systematically to meet the daily operational cutoff times that can vary by prime broker.
The name of the platform or venue where the covered securities loan was effected	Not relevant. Arranged financing is a bespoke prime brokerage customer service offering and not conducted via a third party platform or venue.
The type of collateral used to secure the covered securities loan	Not meaningful data. Collateral often consists of an ever-changing pool of securities positions and/or cash balances in a client's account that secures the client's long and short side financing obligations and therefore specific collateral may not be separately identified as belonging uniquely to particular arranged financing customer short positions.
For a covered securities loan collateralized by cash, the rebate rate or any other fee or charges	Data not comparable. The economic terms of arranged financing often are structured as a "bundled rate" that is not specific to a single arranged financing transaction. In addition, the economic terms of arranged financing may not change based on collateral type (cash or securities).
For a covered securities loan not collateralized by cash, the securities lending fee or rate, or any other fee or charges	Same as above.
The percentage of collateral to value of reportable securities loaned required to secure such covered securities loan	Not meaningful, and potentially misleading, data. Unlike the common 100%, 102% or 105% margin percentages for traditional securities loans, margin percentages in arranged financing vary substantially. In addition, any transaction-level reporting potentially would be misleading, as it might not take into account, for example, portfolio level add-ons or the credit risk mitigation of

Proposed 10c-1a Transaction Data Element	Misapplication to Short Arranged Financing Transactions
	the customer's aggregate positions in its prime brokerage account that cross-collateralize the short arranged financing transactions.
The termination date of the covered securities loan	Misleading data. Compared to traditional securities loans, the termination date in arranged financing can mean different things in certain circumstances and forced standardization for reporting could lead to publication of misleading and confusing data.

As a result of the foregoing, rather than contributing to public transparency about current conditions in the market for securities loans, the intermingled reporting of loans to facilitate arranged financing transactions and traditional securities loans would dilute the value and accuracy of the data set, creating administrative costs and inefficiencies for brokers and dealers, and risking confusion and misinterpretation by investors trying to understand current market conditions for securities loans.

C. Reporting Arranged Financing in Connection with Establishing Customer Short Positions as Covered Securities Loans is Duplicative of Rule 13f-2 and Could Cause Information Leakage of Short Investment Strategies

Unlike traditional securities loans, which may be used for a variety of reasons,¹⁰ Customer AF Loans have a one-to-one relationship with changes in the customer's short position resulting from its short sales.¹¹ Therefore, to the extent involving equity securities, these Customer AF Loans generally should be captured through institutional investment managers' reporting of gross short position and associated activity pursuant to Rule 13f-2.¹² This overlap will create duplicative reporting obligations, which will essentially double the combined costs of these reporting regimes, without any meaningful additional transparency benefits.¹³

¹⁰ See 88 FR at 75696 (discussing the "variety of reasons" investors borrow securities in the customer market).

¹¹ As noted above, depending on the way in which a prime broker structures its arranged financing programs, the Affiliate AF Loan may also have a one-to-one relationship with the change in a customer's short position resulting from the customer's short sales, and the Commission should consider excluding loans to affiliates made for the purpose of arranged financing solely for the purpose of establishing or increasing customer short positions.

¹² In addition, SIFMA notes that on May 1, 2026, FINRA proposed an amendment to its short interest reporting rule (FINRA Rule 4560) directed at arranged financing short activity to require the reporting of "any position existing in a customer account that resulted from a securities loan obligation in connection with a customer's borrow of a security from a domestic or foreign affiliate of the member." See Proposed Rule Change to Adopt FINRA Rule 4321 (Allocations of Fail to Deliver Positions) and Amend FINRA Rule 4560 (Short-Interest Reporting), Release No. 34-105482 (May 13, 2026), 91 FR 28699 (May 18, 2026). While SIFMA members are evaluating the FINRA proposal, it initially appears to provide further evidence that the securities loans facilitating short positions through arranged financing activity should be excluded from Rule 10c-1a because, according to FINRA, such loans "better reflect short sentiment in a stock," and their disclosure would provide limited incremental insight into the securities lending market while creating duplicative and potentially inconsistent reporting across regulatory regimes.

¹³ These separate costs would need to be accounted for in any economic cost-benefit analysis for both rules.

Moreover, even with the 20-business day delayed public reporting of individual loan amounts under Rule 10c-1a as adopted (and irrespective of whether the Commission adopts our recommendation later in this letter to equally apply this delay to all individual loan data), capturing short arranged financing transactions in the definition of “covered securities loan” means **that short selling trading strategies are at high risk of being revealed**. In this era of widely available and rapidly advancing artificial intelligence (“AI”) capability, this risk is even more pronounced than it was when Rule 10c-1a was adopted in 2023. In adopting Rule 13f-2, the Commission acknowledged the necessary balance between achieving meaningful transparency and minimizing the adverse effects on short sellers by taking reasonable steps to prevent short selling and other investment strategies from being revealed via the disclosures.¹⁴ If Customer AF Loans, which indicate the customer’s short position in a security, were to be reportable as covered securities loans under Rule 10c-1a, the disclosure of such detailed information on a transaction-by-transaction basis the next day could cause the very type of information leakage the Commission explicitly sought to avoid in Rule 13f-2.

D. Reporting of Short Arranged Financing Transactions will be Costly and Operationally Burdensome Without Meaningfully Improving Transparency in the Securities Lending Market

Based on the fundamental differences highlighted in the table above between traditional securities lending and short arranged financing, market participants do not currently capture and track each of the Rule 10c-1a data elements for arranged financing transactions in the same manner as securities loans. Accordingly, market participants would need to build new systems, or make significant changes to existing systems, to record the necessary data elements for Rule 10c-1a reporting. This will be costly and create significant operational burdens, but without resulting in meaningful securities lending market transparency benefits.

Based on the foregoing, as previously suggested above, SIFMA recommends that Rule 10c-1a be amended by adding the following new Rule 10c-1a(j)(2)(iv):

(iv) Notwithstanding paragraph (j)(2)(i) of this section, any loan of securities that a prime broker has arranged between its affiliate and its customer as a means of financing the customer’s short position in the securities the customer has borrowed, as well as any loan of securities a prime broker enters into with its affiliate for the specific purpose of financing the short positions of its customers, in the prime broker’s arranged financing program will not be a covered securities loan for purposes of this rule.

¹⁴ For example, in adopting Rule 13f-2, the Commission supported its use of anonymized and aggregated gross short position and short selling activity reporting by institutional investment managers because “publicly disclosing the identity of individual reporting Managers may not be necessary to advance the policy goal of increasing public transparency into short selling activity, and [] aggregating across reporting Managers would help safeguard against the concerns noted above related to retaliation against short sellers, including short squeezes, and the potential chilling effect that such public disclosure may have on short selling.” 88 FR at 75131.

II. Change Next-Day Public Dissemination of Non-Confidential Loan Data Elements to Dissemination on the 20th Business Day After a Covered Securities Loan is Effected or Modified

SIFMA recommends that the Commission revise Rule 10c-1a to require public dissemination by FINRA of loan-specific non-confidential data elements no earlier than 20 business days after a covered securities loan is effected or modified. The current Rule 10c-1a(g) will require FINRA to publicly disseminate the data elements in Rules 10c-1a(c) and (d) by the business day after a covered securities loan is effected or modified, except for the loan amount (which FINRA will disseminate on the 20th business day after the covered securities loan is effected or the loan amount is modified).¹⁵ We appreciate that the Commission's decision to delay the publication of the loan amount by 20 business days was made in acknowledgement of the concerns raised by SIFMA and other market participants about the inadvertent disclosure of sensitive short selling strategies.¹⁶ However, we believe this current approach continues to pose a risk that sensitive short selling strategies could be disclosed.

SIFMA continues to believe that loan-by-loan dissemination of non-confidential data elements under the current Rule 10c-1a(g) will not materially improve public transparency regarding the securities lending market. Disseminating individual loan information data elements on the day after a loan is effected or modified without the quantity of each loan will not be very useful or actionable information for most brokers, dealers, and investors. For example, on the day after a loan is effected or modified, investors may see two separate covered securities loans of the same reportable security with two separate fees. Without the corresponding loan amounts, the individual loan and loan rate information will not provide market participants with any context necessary to understand current pricing conditions in the securities lending market. Nevertheless, if the Commission determines that individual loan data should eventually be made public, those data should be publicly disseminated as a complete loan record — but only after sufficient time has elapsed to mitigate the risk that public dissemination of those data poses to the market.

The Commission has the difficult task of balancing two competing goals: enhancing transparency in the securities lending market without inadvertently causing the public disclosure of sensitive investment strategies.¹⁷ Many of the same concerns that prompted the SEC to adopt aggregated, delayed publication of gross short position and short sale activity information reported under Rule 13f-2¹⁸ would also apply to Rule 10c-1a. As noted above, as AI tools

¹⁵ See Rule 10c-1a(g)(1)-(3).

¹⁶ See 88 FR at 75684.

¹⁷ As SIFMA noted in its January 7, 2022 comment letter: “The public dissemination of information on securities lending transactions that is too granular could potentially reveal short selling trading strategies and could therefore cause short sellers to exit the market, resulting in a loss of the many benefits to the market that result from short selling.” See SIFMA Comment Letter re: Release No. 34-93613; File No. S7-18-21 Reporting of Securities Loans, at 15 (Jan. 7, 2022), <https://www.sec.gov/comments/s7-18-21/s71821-20111680-265019.pdf>.

¹⁸ See Release No. 34-98738, at 117–18 (Oct. 13, 2023), 88 FR 75100, 75132–33 (Nov. 1, 2023) (stating, *inter alia*, “The approach taken for publishing short sale-related data reported . . . must balance competing interests of public

become more efficient, it is possible that certain market participants could utilize the individual loan information that currently would be published the next business day after it is reported to identify sensitive, proprietary investment strategies or short positions — even if dissemination of the loan amount is delayed by 20 business days. By comparison, delaying the public dissemination of all individual loan data elements by 20 business days after they are reported would strike a more appropriate balance by providing the necessary transparency in the form of complete loan records while mitigating the risk of information leakage regarding short investment strategies. SIFMA believes that this approach would better align the public dissemination of information under Rule 10c-1a with the public dissemination of information under Rule 13f-2.

III. Require that Only Settled Securities Loans be Reported

To prevent unnecessary “noise” in the publicly disseminated data that would not provide meaningful transparency to the securities lending market, SIFMA recommends that the requirement to report a covered securities loan under Rule 10c-1a(a) be triggered if the securities loan settles, rather than if the securities loan is “agreed to” by the covered person.¹⁹ Specifically, SIFMA recommends that the definition of covered securities loan in Rule 10c-1a be amended by adding the following new Rule 10c-1a(j)(2)(v)²⁰:

(v) Notwithstanding paragraph (j)(2)(i) of this section, a covered securities loan shall not be reportable hereunder unless the transfer of the loaned securities to the borrower and the transfer of the collateral to the lender at inception have occurred.

As SIFMA explained in our December 6, 2024 comment letter, because no loan transaction actually occurs if a loan does not settle, an unsettled loan should not constitute a covered securities loan that is reportable under Rule 10c-1a²¹. Loans that are dropped and therefore never settle offer no meaningful information, and publishing information about them would be misleading and would increase investor confusion and the risk of data

transparency against the potential negative impacts on price discovery, and of short position and short activity disclosures on short selling as well as data security concerns.”).

¹⁹ In the adopting release for Rule 10c-1a, the SEC stated: “In response to commenters’ request for clarification as to whether a loan should be reported before or after it is settled, the term ‘agrees to’ clarifies that covered securities loans are required to be reported after the parties agree to the loan, *which is before settlement*.” Release No. 34-98737 (Oct. 13, 2023), 88 FR 75644, 75666 (Nov. 3, 2023) (emphasis added).

²⁰ This subsection is designated (v) based on the assumption that SIFMA’s prior recommendation to exclude short arranged financing securities loans is designated as (iv).

²¹ See SIFMA Master Securities Loan Agreement Guidance Notes, (2000 Version), at 5, https://www.sifma.org/wp-content/uploads/2024/06/Master_Securities_Loan_Agreement_MSLA-Guidance_Notes_2000_Version.pdf (referring to the industry standard form MSLA: “Section 2.2 provides that a Loan shall not be deemed to have commenced until both the Loaned Securities and the Collateral have been transferred, unless otherwise agreed by the parties. Because securities lending market participants have traditionally sought to maintain the flexibility to cancel a Loan prior to commencement, the failure to deliver Loaned Securities or Collateral on the commencement date of a Loan does not trigger a Default under the Agreement.”).

misinterpretation. Moreover, a covered person may have to incur additional costs to report unsettled loans to FINRA's Securities Lending and Transparency Engine ("SLATE"), given that these unconsummated transactions may not be captured on the books and records of the covered person comparably to how consummated loan transactions are recorded.²²

Based on the foregoing, SIFMA believes that changing to a settlement-based reporting requirement would improve the quality of the information reported and disseminated pursuant to the rule and reduce the overall costs and operational burdens associated with reporting and disseminating information about unsettled loans by lowering the number of reports required.

IV. Additional Recommendations

A. Clarify and Narrow Rule 10c-1a's Cross-Border Application to Reduce Confusion and Unnecessary Duplication Across Regulatory Reporting Regimes

SIFMA believes that there is still a need for clarification of the cross-border application of Rule 10c-1a. The SEC's adopting release states that Rule 10c-1a's "reporting requirements will generally be triggered whenever a covered person effects, accepts, or facilitates (in whole or in part) in the U.S. a lending or borrowing transaction" that meets the definition of a covered securities loan.²³ To reduce duplicative reporting requirements across different jurisdictions' regulatory reporting regimes applicable to securities lending, SIFMA urges the Commission to clarify and narrow the extraterritorial application of the rule to only include loans with clear U.S. nexus. Such an approach would be more consistent with the extraterritorial scope of Rule 13f-2, which the SEC clarified in the brief it filed with the Fifth Circuit on May 6, 2024, is limited to transactions that are effected in the United States.²⁴

In this regard, SIFMA requests that the Commission reconsider adopting the limitations on Rule 10c-1a's extraterritorial scope that we proposed in our January 7, 2022 comment letter. Specifically, the rule should apply only to loans of securities where (i) the country of issue and primary trading market of the securities are the United States and (ii) the beneficial owner lender or Lending Agent is a U.S. person, i.e., is (a) a natural person resident in the United States; (b) a partnership, corporation, trust, investment vehicle, or other legal person organized, incorporated, or established under the laws of the United States or having its principal place of business in the United States; (c) an account (whether discretionary or non-discretionary) of a U.S. person; or

²² See SIFMA Comment Letter re: File No. SR-FINRA-2024-007; Notice of Partial Amendment No. 1 to Proposed Rule Change to Adopt the FINRA Rule 6500 Series (Securities Lending and Transparency Engine (SLATE™), at 4 (Dec. 6, 2024), <https://www.sifma.org/wp-content/uploads/2024/12/SIFMA-SIFMA-AMG-Comment-Letter-on-SLATE-Partial-Amendment-Final.pdf>. We note that if a securities loan for the purpose of closing out a fail to deliver under Rule 204 of Regulation SHO does not settle, the clearing firm participant should take additional action to borrow from another source, or take buy-in action.

²³ See 88 FR at 75689.

²⁴ See Brief of Respondent, *Nat'l Ass'n of Private Fund Managers v. SEC*, Case No. 23-60626, 49–50 (5th Cir. May 6, 2024) ("[T]he rule applies only to Managers that effect U.S. short sale transactions in equity securities subject to Regulation SHO, and Regulation SHO applies only to domestic transactions.").

(d) an estate of a decedent who was a resident of the United States at the time of death, where principal place of business means the location from which the officers, partners, or managers of the legal person primarily direct, control, and coordinate the activities of the legal person. With respect to an externally managed investment vehicle, this location is the office from which the manager of the vehicle primarily directs, controls, and coordinates the investment activities of the vehicle.²⁵

B. Allow Covered Persons to Rely on FINRA’s List of Reportable Securities

SIFMA requests that the definition of “reportable security” under Rule 10c-1a(j)(3) be revised to expressly permit covered persons to rely on the most recent list of such securities published by FINRA. Under Rule 10c-1a as adopted, a “reportable security” is defined as any security that is reportable pursuant to CAT, TRACE, or RTRS reporting rules.²⁶ SIFMA appreciated FINRA’s statement in its November 2024 letter responding to comments received on the proposed SLATE Rules that it “intends to create a SLATE security list that it will make available to covered persons and other SLATE participants (leveraging reference data from the CAT NMS list, TRACE, and the MSRB).”²⁷ However, as FINRA pointed out in that letter, the drafting of the definition of “reportable security” would still obligate individual covered persons “to determine whether a securities loan transaction that it has engaged in is reportable under SEA Rule 10c-1a, regardless of whether the security appears on FINRA’s SLATE security list.”²⁸ Therefore, absent a change to Rule 10c-1a, each covered person would still be required to create and maintain its own individual list of reportable securities.

As we noted in our December 6, 2024 comment letter to the Commission regarding FINRA’s filing of the SLATE rule series, we believe that it is inefficient for each covered person to uniquely design and build functionality within its own securities lending reporting system to attempt to identify whether securities subject to a securities loan would be reportable under TRACE, RTRS, or CAT. In addition to the inefficiency of potentially thousands of reporters building their own logic, some covered persons may not be responsible for, or have any relevant experience with respect to, trade reporting under TRACE, RTRS, or CAT. Additionally, it is unreasonable to expect that market participants that rely on the FINRA CAT list that is published daily to identify securities that are CAT reportable to have to quality check that list against FINRA’s own SLATE list. FINRA would be best and most appropriately situated to reconcile its own published lists rather than imposing that responsibility individually on all of the users of

²⁵ See SIFMA Comment Letter re: Release No. 34-93613; File No. S7-18-21 Reporting of Securities Loans, at 19 – 20 (Jan. 7, 2022), <https://www.sec.gov/comments/s7-18-21/s71821-20111680-265019.pdf>.

²⁶ See Rule 10c-1a(j)(3).

²⁷ Letter from Racquel Russell, Senior Vice President, Director of Capital Markets Policy, Office of General Counsel, FINRA to Vanessa Countryman, Secretary, SEC, at 15-16 (Nov. 14, 2024), <https://www.sec.gov/comments/sr-finra-2024-007/srfinra2024007-540615-1548002.pdf>.

²⁸ *Id.*

SLATE.²⁹ SIFMA further notes that there is precedent for our proposed approach, as the Commission currently permits institutional investment managers that are required to report large long positions in U.S. securities pursuant to Rule 13f-1 to rely on the “Official List of Section 13(f) Securities” published by the SEC.³⁰

Therefore, in the spirit of eliminating the cumulative adverse economic impact that would result from each covered person having to create and maintain its own individual list of reportable securities and correspondingly increasing the cost-benefit analysis for compliance with Rule 10c-1a, SIFMA requests that the Commission revise the definition of “reportable security” under Rule 10c-1a(j)(3) to permit covered persons to rely on the most recent list of reportable securities published by FINRA.

C. Require Securities Loans to be Reported to FINRA by the End of the Next Business Day

SIFMA recommends the Commission amend Rules 10c-1a(c), (d), and (e) to require that covered securities loans and modifications be reported to FINRA by the end of the next business day after a covered securities loan has been effected or modified. Rule 10c-1a as adopted requires covered persons to report covered securities loans and modifications by the end of the day on the date the loan was effected or modified.³¹ As discussed above, FINRA is currently required to disseminate certain information publicly by the morning of the business day after the covered securities loan is effected or modified.³² Allowing covered persons to report covered securities loan data on the following business day would better ensure that the reported data is accurate, complete, and properly formatted. In general, market participants that currently provide data vendors with information about securities loans do so by the end of the day on which a loan is effected. However, this data is provided on a “best efforts” basis, and there is no regulatory obligation to create or provide, or to reasonably review the accuracy and completeness of, the data. By contrast, covered persons will need to take additional steps to ensure that the data reported to SLATE pursuant to both Commission and FINRA rules is consistent with regulatory standards.

Providing covered persons with an additional day to review the data would help to support the accuracy of the data reported to SLATE and would significantly limit the number of corrections and deletions required to be made to reported data. We believe that permitting covered persons to report covered securities loan information on the following day would not adversely affect transparency in the securities lending market.

²⁹ SIFMA Comment Letter re: File No. SR-FINRA-2024-007; Notice of Partial Amendment No. 1 to Proposed Rule Change to Adopt the FINRA Rule 6500 Series (Securities Lending and Transparency Engine (SLATE™)), at 5–6 (Dec. 6, 2024), <https://www.sifma.org/wp-content/uploads/2024/12/SIFMA-SIFMA-AMG-Comment-Letter-on-SLATE-Partial-Amendment-Final.pdf>.

³⁰ See 17 CFR § 240.13f-1(c).

³¹ See Rule 10c-1a(c), (d), and (e).

³² See Rule 10c-1a(g).

D. Permit Bulk Reporting of Open Covered Securities Loans When Reporting Goes Live on September 28, 2028

SIFMA recommends that the Commission publish guidance in advance of the September 28, 2028 reporting date regarding the treatment of covered securities loans that are open and outstanding when Rule 10c-1a reporting becomes effective. In particular, SIFMA recommends that on the initial reporting date, covered persons should be permitted to submit information on all covered securities loans outstanding as of the initial reporting date using streamlined information, rather than wait until each such loan is modified to report it.

E. Simplify Certain Data Elements

SIFMA also recommends that the Commission simplify certain Rule 10c-1a data elements that would impose operational burdens without meaningfully enhancing transparency or regulatory utility. In particular, the Commission should consider removing the “platform or venue” data element in Rule 10c-1a(c)(5), which is not especially relevant to securities lending activity and would require covered persons to build and maintain new coding logic as platforms and venues evolve. The Commission also should consider eliminating the issuer LEI requirement in Rule 10c-1a(c)(1), as the legal name of the issuer should be sufficient for reporting purposes. Finally, with respect to Rule 10c-1a(e)(1), the Commission should consider eliminating the requirements to report MPID, CRD, IARD, and LEI identifiers, which are confidential, required only “if known,” and do not appear necessary where regulators already receive the legal names of the parties to the covered securities loan.

F. Consider Excluding Rehypothecation by Foreign Affiliated Broker-Dealers

Some prime brokers affiliated with foreign banks may utilize a lending model where an affiliated foreign broker-dealer directly facilitates a securities loan to the customer of the prime broker. In this model, the affiliated foreign broker-dealer utilizes similar methods of sourcing securities as U.S. prime brokers — including by rehypothecating securities in customer accounts. However, because it is a foreign broker-dealer, such rehypothecation would appear to fall outside of the exception provided in Rule 10c-1a(j)(2)(iii) that “the use of margin securities, as defined in [Rule 15c3-3(a)(4)] by a broker or dealer will not be a covered securities loan for purposes of [the] rule.” To eliminate this disparity, the Commission should consider amending Rule 10c-1a(j)(2)(iii) so that the exception from the definition of covered securities loan for a broker-dealer’s “use of margin securities” also applies to the use of securities by a foreign broker-dealer in an economically equivalent manner and construct as the exception currently provided in Rule 10c-1a(j)(2)(iii).

Conclusion

SIFMA appreciates the Commission’s consideration of the recommendations provided herein.

Ms. Vanessa Countryman
U.S. Securities and Exchange Commission
May 18, 2026
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If you have any questions or need any additional information, please contact Robert Toomey.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Toomey". The signature is fluid and cursive, with the first name "Robert" and last name "Toomey" clearly distinguishable.

Robert Toomey
Managing Director and Associate General
Counsel
Head of Capital Markets
SIFMA