



Response to FINRA File Number SR– FINRA–2024–007:	FINRA / SEC References:
<p><i>Loan Modifications – Information to be reported:</i></p> <p>(F) The expected settlement date for modifications to the loan amount (if the expected settlement date is a date other than the date of the Loan Modification), or the effective date for all other Loan Modifications (if effective date is a date other than the date of the Loan Modification).</p> <ul style="list-style-type: none">- Expected Settlement Date = This sounds like the contractual vs. Actual debate. It appears if the settlement is on a future expected settlement date, but the event date was today, then report the trade today, for the future expected settlement date. This is contractual reporting and the same requirement as SFTR. <i>Please can this be clarified?</i>- Effective Date for all other loan modifications = This sounds like the contractual vs. Actual debate. It appears if the modification say rate change is on a future effective date, but the event date was today, then report the trade today, for the future expected settlement date. This is contractual reporting and <i>NOT</i> the same requirement as SFTR being actual. <i>Please can this be clarified?</i>- It is very important for persons to clearly understand the required timing of reporting as where a requirement is on an actual basis vs. a contractual basis there is system development work to consider, natively books and record systems do not operate around regulatory reporting requirements hence a technical change will need to be introduced, tested, and developed in order to be compliant.	FINRA PR 6530 Page 109 3b 2



Modifications to an Initial Covered Securities Loan after it has been effected — but before it has been reported to FINRA:

FINRA has proposed that a change to any party to a Covered Securities Loan would constitute both the termination of the prior Covered Securities Loan (which must be reported as a Loan Modification and tagged with a termination identifier) as well as the initiation of a new loan (which must be reported as an Initial Covered Securities Loan) ...

- This appears to cause an unintended consequence:
- **Example:**
 - If you terminate a loan as a modification lifecycle event that was booked incorrectly versus cpty A then this would have accrued in your system for billing purposes.
 - Under SFTR this would be a CANCELLATION and a RE-BOOKING of the trade as this mechanism is used to generate a new UTI (unique trade identifier) versus the correct cpty B.
 - A trade booking against the incorrect cpty should **not** remain in books & record systems.
 - It appears the correct actions would be to Delete Cpty A to wipe this out of the system and Book a New Loan Event versus Cpty B.

FINRA PR supplementary
material pages 112 & 113