



Response to FINRA File Number SR– FINRA–2024–007:	FINRA / SEC References:
<p>1. <b>Clarity required around short securities position created via margin lending under PB agreement.</b></p> <p>2. <b>Need to confirm if this point raised is one and the same under 10c1a as Brokers placing loans into the market that are sourced from fully paid or margined loaned, customer, positions.</b></p> <p>3. <b><u>Short securities position created via margin lending under PB agreement:</u></b></p> <ul style="list-style-type: none"><li>a. Are these types of transactions in scope of SEC 10c-1a?</li><li>b. See 10c-1a FINRA proposed rule language below states:<ul style="list-style-type: none"><li>i. Page 4 Footnote 4 - SEA Rule 10c-1a(j)(1) defines a “covered person” as (i) any person that agrees to a covered securities loan on behalf of a lender (“intermediary”) other than a clearing agency when providing only the functions of a central counterparty pursuant to Rule 17Ad-22(a)(2) of the Exchange Act or a central securities depository pursuant to Rule 17Ad-22(a)(3) of the Exchange Act; or (ii) any person that agrees to a covered securities loan as a lender when an intermediary is not used unless paragraph (j)(1)(iii) of this section applies; or (iii) <b>a broker or dealer when borrowing fully paid or excess margin securities pursuant to Rule 15c3-3(b)(3) of the Exchange Act.</b></li><li>ii. Page 5 Footnote 5 - SEA Rule 10c-1a(j)(2) defines a “covered securities loan” as a transaction in which any person on behalf of itself or one or more other persons, lends a reportable security to another person, with exclusions for a position at a clearing agency that results from central counterparty services pursuant to Rule 17Ad-22(a)(2) of the Exchange Act or central securities depository services pursuant to Rule 17Ad-22(a)(3) of the Exchange Act <b>and the use of margin securities, as defined in Rule 15c3-3(a)(4) of the Exchange Act, by a broker or dealer.</b> “Reportable security” is defined in SEA Rule 10c-1a(j)(3) as 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 § 242.613 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 Real-Time Transaction Reporting System (“RTRS”), or any reporting system that replaces one of these systems.</li></ul></li></ul>	<p>This point was sent to SIFMA as they are more on the broker side, meeting set up for 2<sup>nd</sup> July 2024 to determine if this point is covered already by SIFMA or indeed if ISLA need to file this with the SEC.</p> <p>Good news this is totally covered by SIFMA and is on their filing letter to the SEC on May 28<sup>th</sup>, 2024. This is under point III page 8 labelled: Specific Exclusions from the Definition of “Covered Securities Loan”</p>