



Response to FINRA File Number SR– FINRA–2024–007:				FINRA / SEC References:
<p>1. Clarity of both inside the USA and outside of the USA of 10c-1a “scope” for Foreign Securities traded.</p> <p>2. Please note this whole topic is covered over 4 pages.</p> <p>We have been looking into how best to capture the full scope of securities covered by the 10c-1a Rule and have come across another area which we think is not clear. In short, we think it’s possible that some lending of non-US securities could be in scope for 10c-1a, possibly in ways not initially intended.</p> <p>As per the SEC 10c-1a Final regulation, also mentioned on pages 54 and 117 of the FINRA Proposed Rules reportable securities are defined as:</p> <p><i>The term reportable security means 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 (“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 Real-Time Transaction Reporting System (“RTRS”), or any reporting system that replaces one of these systems.</i></p> <p>TRACE and RTRS securities are rule based, so reporting of these securities can follow the TRACE/RTRS rules to determine whether they are in scope for reporting or not.</p> <p>However, the question arises in the CAT securities – CAT securities are listed in a file that is updated multiple times a day on the FINRA website (CAT NMS Reference data : https://www.catnmsplan.com/reference-data).</p> <p>Securities listed there are both domestic and foreign, where foreign securities have ‘F-share’ tickers (example below is Air France):</p>				<p>FINRA Proposed Rule pages 54 and 117 both under footnote 5.</p> <p>“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.</p>
symbol	Issue name	Listing exchange	Test issue flag	
AFRAF	AIR FRANCE KLM SHS NEW (France)	U	N	



An F share is created in the US when a broker-dealer files a Form 211 with FINRA (the Financial Industry Regulatory Authority) to create a US ticker symbol in order to report trades in the US in a foreign company's shares. This is not a new share. It is a reference to the existing shares via a newly created ticker symbol in the United States for reporting and trading purposes. As with American Depositary Receipts, this may happen without the issuer's involvement or approval and means that the foreign issuers shares can be traded "off exchange" between interested parties in the US.

F-shares appear on the CAT list through the Form 211 process and are reportable based on the below FAQ:

<https://www.catnmsplan.com/faq/i1>

Are orders in foreign securities reportable?

The origination or receipt of an order involving any security that meets the definition of an NMS security pursuant to SEC Rule 600 must be reported to the CAT, regardless of where the order is ultimately executed. This includes any NMS security that is also listed on a foreign exchange ("dually listed"). If the order is sent to a foreign market for execution, the CAT Reporter is required to report the relevant Reportable Events for the order (e.g., origination or receipt of the order and the routing of the order to the foreign market). All prices must be converted into U.S. dollars based on the conversion rate applicable at the time of the transaction.

Orders in foreign securities that are OTC Equity Securities are required to be reported to the CAT where the resulting execution is subject to transaction reporting under FINRA Rule 6622. Pursuant to FINRA Rule 6622(g), the following transactions in foreign securities that are OTC Equity Securities are not reportable: (1) the transaction is executed on and reported to a foreign securities exchange; or (2) the transaction is executed over the counter in a foreign country and reported to the regulator of securities markets of that country. CAT reportable orders in foreign securities that are OTC Equity Securities must be reported to CAT using the US symbol, and all prices must be converted into U.S. dollars based on the conversion rate applicable at the time of the transaction.

This seems to suggest that dual listed securities are in scope for reporting in SLATE (as they are required to be reported under CAT) and that foreign securities that are traded OTC in the US *might* be reportable in SLATE. The reference to OTC transactions "reported to the regulator of securities markets of that country" could mean SFTR reported transactions.



For example, Air France (ISIN FR001400J770) is known by multiple SEDOLs and tickers, depending on the exchange where it trades one of those is the Other Over the Counter exchange, where this ticker value is listed on the CAT NMS file.

Isin	SEDOL	ticker_1	exchange_desc
FR001400J770	3VYT1C6	AFP EB	BATS CHI-X EUROPE
FR001400J770	BN45PM8	AFRAF	OTC (OTHER OTC)
FR001400J770	BNYJ7Y6	OLN7 LN	LONDON MAIN MARKET
FR001400J770	BRJ4WL6		BERNE EXCHANGE (BX)
FR001400J770	BRJ4WK5		Netherlands - Unquoted
FR001400J770	BR840M4	1AF IM	BORSA ITALIANA (EQUITIES MARKET MTA)
FR001400J770	BMV2C79	AF FP	NYSE EURONEXT - PARIS
FR001400J770	BRJ4S29	AFRO GF	FRANKFURTER WERTPAPIERBOERSE (FRANKFURT STOCK EXCHANGE)
FR001400J770	BRJ4WJ4	AFK AV	WIENER BOERSE AG (VIENNA STOCK EXCHANGE)
FR001400J770	BRXK641	AFRO BU	BULGARIAN STOCK EXCHANGE (BSE)

One could argue that as this ticker (AFRAF) is on the CAT NMS file, loans of Air France securities could be reportable under 10c-1a, unless perhaps the loan was reported under SFTR.



Alternatively, and just to be sure about scope of this *inside* the USA and when *outside* of the USA.

Outside of the USA:

When a security has multiple Sedol's/tickers, only one of which is CAT reportable, and the sec lending trade references one of the **other** Sedol/tickers (i.e., the foreign one traded on the foreign exchange, so **not** the F shares ticker, would the sec lending trade be reportable?

For example, I have a sec lending trade by a French client, who sends in the following trade information:

- ISIN = FR001400J770
- SEDOL = BMV2C79
- TICKER = AF FP (so this is **not** the F Shares ticker from the above table which is AFRAF)

Should this trade be reportable for 10c-1a, as the ISIN references a security that is CAT reportable (i.e., it has an F-Share ticker AFRAF), but the Sedol listed on the sec lending trade does not as per above example its BMV2C79.