

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-101645; File No. SR-FINRA-2024-007)

November 15, 2024

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Partial Amendment No. 1 to Proposed Rule Change to Adopt the FINRA Rule 6500 Series (Securities Lending and Transparency Engine (SLATE™))

I. Introduction

On May 1, 2024, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change (SR-FINRA-2024-007) to adopt the new FINRA Rule 6500 Series (Securities Lending and Transparency Engine (SLATE™)) to (1) require reporting of securities loans; and (2) provide for the public dissemination of loan information. The proposed rule change was published for comment in the Federal Register on May 7, 2024.³

On June 10, 2024, pursuant to Section 19(b)(2) of the Act,⁴ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.⁵

On August 5, 2024, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act⁶

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 100046 (May 1, 2024), 89 FR 38203 (May 7, 2024) (“Notice”). Comments received on the proposed rule change are available at: <https://www.sec.gov/comments/sr-finra-2024-007/srfinra2024007.htm>.

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 100305 (June 10, 2024), 89 FR 50644 (June 14, 2024). The Commission designated August 5, 2024, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

⁶ 15 U.S.C. 78s(b)(2)(B).

to determine whether to approve or disapprove the proposed rule change.⁷ On October 28, 2024, the Commission, pursuant to Section 19(b)(2) of the Act,⁸ designated January 2, 2025, as the date by which the Commission shall either approve or disapprove the proposed rule change.⁹ On November 14, 2024, FINRA responded to comments¹⁰ and filed a partial amendment to the proposed rule change in response to certain comments on the proposed rule change (“Partial Amendment No. 1”). Partial Amendment No. 1 is described in Item II below, which has been substantially prepared by FINRA.¹¹ The Commission is publishing this notice to solicit comments on Partial Amendment No. 1 from interested persons.¹²

II. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Partial Amendment

FINRA is proposing the following amendments to the filing:¹³

1. Reporting Intraday Loan Modifications and Changes to the Parties to a Loan

FINRA is proposing to amend the Original Proposal to delete the supplementary material regarding the reporting of intraday loans (Supplementary Material .01 (Intraday Loan Modifications)) and changes to the parties to a loan, including in the context of reallocating omnibus loans (Supplementary Material .02 (Changes to the Parties to a Covered Securities

⁷ See Securities Exchange Act Release No. 100655 (August 5, 2024), 89 FR 65441 (August 9, 2024).

⁸ 15 U.S.C. 78s(b)(2).

⁹ See Securities Exchange Act Release No. 101450 (October 28, 2024), 89 FR 87448 (November 1, 2024).

¹⁰ See Letter from Racquel L. Russell, Senior Vice President, Director of Capital Markets Policy, Office of General Counsel, FINRA, dated November 14, 2024 (responding to comments regarding File No. SR-FINRA-2024-007) (“Response to Comments, SR-FINRA-2024-007”).

¹¹ The Commission has reformatted FINRA’s presentation of its proposed modifications to, and descriptions of, the proposed rule change.

¹² Partial Amendment No. 1 is also available on FINRA’s website at <https://www.finra.org/rules-guidance/rule-filings/sr-finra-2024-007>.

¹³ In addition to the amendments described below, FINRA has made conforming changes to proposed Rule 6510 and proposed Rule 6540(d). FINRA has also made textual changes to better align with the language of SEA Rule 10c-1a.

Loan)). As originally proposed, Rule 6530.01 provided that, if a covered securities loan¹⁴ is modified multiple times throughout the day, a covered person must report each loan modification as set forth in proposed Rule 6530(b). Some commenters objected to Supplementary Material .01, stating that it was inconsistent with SEA Rule 10c-1a, that intraday reporting was not required and that only end-of-day reporting was mandated under the Commission’s rule.¹⁵ As originally proposed, Rule 6530.02 generally provided that, following the addition or removal of a party required to be identified pursuant to Rule 6530(a)(2)(O), a covered person must report the termination of the previously reported loan and report an initial loan reflecting the new parties to the loan, if known. One commenter asserted that proposed Rule 6530.02 contradicts a decision by the Commission not to treat reallocations among a pooled loan’s underlying constituents as a new covered securities loan or as a loan modification.¹⁶

In Partial Amendment No. 1, FINRA is proposing to amend the Original Proposal to delete both Supplementary Material .01 and .02. Proposed Rule 6530 is not intended to alter when loan events are required to be reported as loan modifications (including terminations) under SEA Rule 10c-1a or when new loans must be reported under SEA Rule 10c-1a. Thus, under FINRA’s proposed rule, covered persons must report modifications consistent with the Commission’s rule and as described in the SEA Rule 10c-1a adopting release.¹⁷ Similarly, covered persons must report reallocations of loans in a manner consistent with SEA Rule 10c-1a

¹⁴ See 17 CFR 240.10c-1a (“SEA Rule 10c-1a”) and proposed FINRA Rule 6510 for definitions of the terms “covered securities loan,” “covered person,” and “reporting agent” as used throughout Partial Amendment No. 1. See proposed FINRA Rule 6510 for definitions of the terms “initial covered securities loan” and “loan modification” as used throughout Partial Amendment No. 1.

¹⁵ See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

¹⁶ See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

¹⁷ Securities Exchange Act Release No. 98737 (October 13, 2023), 88 FR 75644 (November 3, 2023) (Reporting of Securities Loans) (“Adopting Release”).

and the Adopting Release. To the extent a loan event is not reportable under SEA Rule 10c-1a, there would likewise be no SLATE reporting obligations.

2. Modifiers and Indicators

FINRA is proposing to amend the Original Proposal to delete the proposed modifier and indicator requirements. As originally proposed, covered persons would have been required to append specific modifiers and indicators when reporting initial covered securities loans and loan modifications to SLATE. Specifically, proposed Rule 6530(c) (Modifiers and Indicators) would have required a covered person to identify (1) exclusive arrangements, (2) loans to affiliates, (3) unsettled loans, (4) terminated loans, (5) rate or fee adjustments, and (6) basket loans. FINRA originally proposed these modifiers and indicators to provide regulators and the public with important information, including where the reported rates may not reflect current market rates, and to enhance the disseminated data and its value to market participants and better inform the reported rates validation process.¹⁸ Industry commenters expressed a variety of concerns regarding the proposed modifiers and indicators, including that these items of information extended beyond the data elements specified in SEA Rule 10c-1a, increased the rule's complexity and implementation burdens, and may raise information leakage concerns.¹⁹

In Partial Amendment No. 1, FINRA is proposing to amend the Original Proposal to delete the modifier and indicator requirements. Specifically, Partial Amendment No. 1 would delete Rule 6530(c) to remove the specific requirements related to modifiers and indicators to

¹⁸ See Notice, 89 FR 38203, 38208.

¹⁹ See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

identify (1) exclusive arrangements, (2) loans to affiliates, (3) unsettled loans, (4) terminated loans,²⁰ (5) rate or fee adjustments, and (6) basket loans.²¹

FINRA also proposes to delete the requirements in proposed Rule 6530(a)(2)(Y) and proposed Rule 6530(b)(2)(I), which state that covered persons must report the modifiers and indicators as required by either the Rule 6500 Series or the SLATE participant specification. Partial Amendment No. 1 also would amend proposed Rule 6510 (Definitions) to remove the definition of the term “affiliate,” as it is no longer needed given the deletion of the related indicator. FINRA believes it is appropriate, at this time, to delete these aspects of the Original Proposal to facilitate the achievement of the initial SLATE reporting requirements in a timely manner.²²

3. Settlement Date and Effective Date

FINRA is proposing to amend the Original Proposal to remove the requirements that covered persons report the settlement date and effective date in covered securities loan reports. As originally proposed, covered persons would have been required to report: (1) the expected

²⁰ While FINRA is proposing to delete the requirement that covered persons append a “terminated loan” indicator, FINRA is retaining the requirement that covered persons populate a field with the termination date of the covered securities loan, which is expressly required to be reported to an RNSA under SEA Rule 10c-1a(c)(11). When reporting an initial covered securities loan to SLATE that is an open loan, a covered person would be required to leave the termination date field blank. When reporting an initial covered securities loan that is a term loan, a covered person would report the loan’s termination date in the termination date field. Upon the termination of either an open or a term loan, a covered person would be required to submit a loan modification report to terminate the covered securities loan, which would reflect a loan quantity of zero—allowing FINRA to identify that the loan has been terminated. See generally, Adopting Release, 88 FR 75644, 75672 n.426.

²¹ While Partial Amendment No. 1 removes several of the originally proposed fields and the proposed indicators and modifiers to facilitate a timely initial implementation of SLATE, the absence of these elements may impact the quality and completeness of the resultant SLATE data. After gaining experience with the operation of SLATE and the initial data set, FINRA will reevaluate whether any future enhancements to the SLATE reporting requirements are appropriate, including to improve the quality and completeness of SLATE data. Any such efforts would be subject to a separate proposed rule change with the Commission and subject to notice and comment.

²² Firms may choose to append additional modifiers and indicators to their SLATE reports voluntarily, where available. FINRA would not disseminate these voluntarily provided data points to the public.

settlement date for initial covered securities loans; (2) the expected settlement date for modifications to a loan's amount, if different from the date of the modification; and (3) the effective date for all other modifications, if different from the date of the modification.²³

Industry commenters expressed a variety of concerns regarding these proposed fields, including that these items of information extended beyond the data elements specified in SEA Rule 10c-1a and increased the rule's complexity and implementation burdens.²⁴

In Partial Amendment No. 1, FINRA is proposing to delete the originally proposed settlement date- and effective date-related requirements of proposed Rules 6530(a)(2)(E) and 6530(b)(2)(F).²⁵ FINRA believes it is appropriate, at this time, to delete these requirements to facilitate the achievement of the initial implementation of SLATE reporting requirements in a timely manner.

4. Rebate Rates, Lending Fees, and Other Fees or Charges

FINRA is proposing to amend the Original Proposal to provide covered persons with additional options regarding the manner in which they may report a rebate rate or lending fee or rate. As originally proposed, covered persons would have been required to report loan rates as a percentage when reporting to SLATE, even where such rate was based on a spread to a benchmark.²⁶ Under this framework, SEA Rule 10c-1a would require a covered person to report

²³ See Notice, supra note 3.

²⁴ See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

²⁵ A covered person that agrees to a covered securities loan that ultimately does not settle would still be required to report the termination of that loan pursuant to proposed Rule 6530(b)(2) by submitting a loan modification to terminate a covered securities loan. However, because the securities were never transferred to the borrower, the loan modification termination report would not include a modification of the loan amount to zero (unlike in the case of a loan that was terminated because the shares were returned), which would allow FINRA to identify the loan as being terminated because it was unsettled as opposed to a return of shares. See supra note 20.

²⁶ See Notice, supra note 3.

a modification to SLATE to update the loan's rate where there is a change to the underlying benchmark rate.²⁷ Some commenters expressed concern that reporting modifications to a loan rate solely as a result of a change to the underlying benchmark rate would increase reporting costs and implementation burdens.²⁸

In Partial Amendment No. 1, FINRA is proposing to adopt Rule 6530(a)(4) (Reporting Loan Rates Based on a Spread to a Benchmark or Reference Rate,) to permit covered persons to—in addition to reporting the rebate rate or lending fee or rate for a covered securities loan—also report the spread and identity of the benchmark or reference rate for covered securities loans that are priced based on a spread to a benchmark or reference rate. Specifically, new proposed Rule 6530(a)(4)(B) provides that, where a rebate rate or lending fee or rate is determined based on a spread to a benchmark or reference rate, a covered person may report: (a) the rebate rate or lending fee or rate as of the date the covered securities loan was effected; (b) the spread; and (c) the identity of the benchmark or reference rate. Alternatively, a covered person may report only the rebate rate or lending fee or rate.

FINRA believes that these proposed amendments are appropriate to provide covered persons the flexibility to report to SLATE in a manner that is consistent with their preference for whether or not they must report modifications to the rebate rate or lending fee or rate described in SEA Rule 10c-1a(c)(8) or (9) due to changes to the underlying benchmark or reference rate.²⁹

²⁷ See Adopting Release, 88 FR 75644, 75672 (explaining that how an RNSA chooses to structure the reporting of loan rates will determine whether a covered person is required to report a modification as a result of benchmark changes).

²⁸ See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

²⁹ A covered person would continue to be required to report a loan modification pursuant to proposed Rule 6530(b)(2) in the event of a change to the negotiated spread or to the identity of the benchmark or reference rate. See Adopting Release, 88 FR 75644, 75672 (stating that if an RNSA chooses to allow covered persons to report based on a spread and a benchmark, then no modification would be required to be reported unless there were a change in the negotiated spread or benchmark).

This flexibility should address commenters' concern that covered persons would be required to report loan rate modifications when the rebate rate changes solely as a result of a change to the underlying benchmark rate (where there is no change in the negotiated spread or identity of the benchmark).³⁰

Partial Amendment No. 1 would also amend the Original Proposal's requirements to specify that other fees or charges need not be reported where the rebate rate or lending fee or rate field is populated. As originally proposed, covered persons would have been required to report: (1) for a covered securities loan collateralized by cash, the rebate rate; (2) for a covered securities loan not collateralized by cash, the securities lending fee; and (3) any other fees or charges.³¹ Some commenters expressed concern that the Original Proposal extended beyond the data elements specified in SEA Rule 10c-1a by requiring the reporting of other fees or charges (beyond a loan's pricing).³²

Partial Amendment No. 1 would remove the separate requirement in proposed Rule 6530(a)(2)(K) to report any other fees or charges and amend the rebate rate and lending fee reporting requirements in proposed Rule 6530(a)(2)(I) and (J), respectively, to mirror the language in SEA Rule 10c-1a(c)(8) and (9), respectively. Thus, revised proposed Rule 6530(a)(2)(I) (renumbered as (a)(2)(H)) would require a covered person to report, "[f]or a covered securities loan collateralized by cash, the rebate rate or any other fee or charges;" and revised proposed Rule 6530(a)(2)(J) (renumbered as (a)(2)(I)) would require a covered person to report, "[f]or a covered securities loan not collateralized by cash, the securities lending fee or rate, or any other fee or charges."

³⁰ See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

³¹ See Notice, supra note 3.

³² See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

5. Covered Person Capacity and MPID

FINRA is proposing to amend the Original Proposal to delete the requirement that covered persons report whether the covered person is the lender, borrower or intermediary, which was intended to help FINRA perform data validations, in particular, when a party other than the covered person submitted the SLATE report.³³ Some commenters expressed concern that this requirement extended beyond the data elements specified in SEA Rule 10c-1a and would increase the complexity of the reporting requirements and implementation burdens.³⁴

In Partial Amendment No. 1, FINRA is proposing to delete proposed Rules 6530(a)(2)(V) and 6530(b)(2)(G), which both required reporting of whether the covered person is the lender, borrower or intermediary. FINRA believes that this proposed amendment is appropriate in that it simplifies the initial reporting framework. FINRA believes that the file submission process would provide information sufficient to allow FINRA to identify the submitting party and therefore the ability to ascertain whether a SLATE report is being submitted by the covered person, a reporting agent, or another party.

FINRA is also proposing to make a conforming amendment to proposed Rule 6530(a)(2) to require a covered person to submit their market participant identifier (“MPID”), if known, when reporting an initial covered securities loan, consistent with the requirement in proposed Rule 6530(b)(2)(C) (renumbered as (b)(2)(B)) for loan modification reports, which will identify in the audit trail the party on whose behalf a SLATE report is submitted.

6. Internal Loan Identifiers

³³ See Notice, supra note 3.

³⁴ See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

FINRA is proposing to amend the Original Proposal regarding the requirement that covered persons report unique internal loan identifiers. As originally proposed, Rules 6530(a)(2)(W) and 6530(b)(2)(A) would have required covered persons to report the unique internal identifier assigned to the covered securities loan. With respect to an allocation of an omnibus loan effected pursuant to an agency lending agreement, proposed Rules 6530(a)(2)(X) and 6530(b)(2)(B) would have required covered persons to report the unique internal identifier for the associated omnibus loan.³⁵

FINRA proposed Rules 6530(a)(2)(W) and 6530(b)(2)(A) to allow FINRA to link related loan reports where a FINRA identifier had not yet been assigned, thereby improving the completeness of audit trail data available to regulators and the usefulness of the information disseminated to the public. In the case of proposed Rules 6530(a)(2)(X) and 6530(b)(2)(B), FINRA intended to use the reported information to identify where multiple loan reports were related to a single omnibus loan, thereby providing additional clarity in the loan activity statistics disseminated to the public and to improve the completeness of the audit trail available to regulators. Some commenters expressed concerns that the required internal loan and omnibus loan identifiers extended beyond the data elements specified in SEA Rule 10c-1a and increased the rule's complexity and implementation burdens.³⁶

In Partial Amendment No. 1, FINRA is proposing to amend Rule 6530(a)(2) to streamline the requirement that a unique identifier assigned by the covered person to the loan must be reported to SLATE. Specifically, revised proposed Rule 6530(a)(2)(W) (renumbered as (a)(2)(U)) would provide that, where a covered person's daily submission includes two or more

³⁵ See Notice, supra note 3.

³⁶ See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

reports related to the same covered securities loan (e.g., an initial covered securities loan and a loan modification to terminate the covered securities loan), and FINRA has not yet assigned a unique identifier to the initial covered securities loan, the covered person must report a unique identifier assigned to the covered securities loan by the covered person responsible for reporting the loan to SLATE.³⁷

With this amendment, FINRA is narrowing the scope of the requirement from the Original Proposal such that, instead of applying to all initial covered securities loan reports, the requirement would be limited to instances where a covered person's daily submission includes two or more T+0 reports related to the same covered securities loan—which is the circumstance that gives rise to the audit trail gap sought to be addressed by the requirement. Similarly, with respect to loan modifications, under the amendment, where a covered person's daily submission includes two or more T+0 reports related to the same covered securities loan, the covered person must report the identifier that was provided with respect to the associated same-day report for that covered securities loan.

This amendment is necessary to allow FINRA to link same-day T+0 reports that relate to the same covered securities loan. Without a way to link such reports, FINRA would be unable to incorporate accurately modifications into the daily loan statistics where FINRA cannot identify the amount of securities impacted by the modification. For example, FINRA would be unable to determine the information necessary to incorporate the modification into the volume information described in proposed Rule 6540(c)(1). Therefore, FINRA believes this amendment is appropriate and necessary in that it streamlines initial SLATE reporting requirements while

³⁷ A covered person may use an identifier that it previously assigned for internal use or one that the firm generated solely for the purpose of reporting the loan to SLATE.

continuing to allow FINRA to accurately record and disseminate information on transactions reported pursuant to SEA Rule 10c-1a.

FINRA is proposing to amend the Original Proposal to delete the requirements in proposed Rules 6530(a)(2)(X) and 6530(b)(2)(B) related to the provision of a unique internal identifier for an associated omnibus loan. FINRA believes this amendment is appropriate, at this time, to facilitate the achievement of the initial SLATE reporting requirements in a timely manner.

7. Reporting Deadline

FINRA is proposing to amend the Original Proposal to extend the deadline for reporting initial covered securities loans and loan modifications to SLATE. As originally proposed, covered persons would have been required to report loan information to SLATE by 8:00:00 p.m. Eastern Time (“ET”), with loans that were effected or modified after 7:45:00 p.m. ET or on a Saturday, a Sunday, a federal or religious holiday or other day on which SLATE is not open at any time during that day being reportable by 8:00:00 p.m. ET the next business day.³⁸ Some commenters expressed concern regarding the 7:45:00 p.m. ET loan cut-off time and 8:00:00 p.m. ET reporting deadline, including that closing SLATE at 8:00:00 p.m. ET would not capture certain end-of-day activity, and that a 15-minute turnaround time (between 7:45:00 p.m. ET and 8:00:00 p.m. ET) would make end-of-day processes challenging.³⁹

In Partial Amendment No. 1, FINRA is proposing to amend proposed Rule 6530(a)(1) and (b)(1) to extend the reporting deadline to 11:59:59 p.m. ET and to change the reporting cut-off time in proposed Rule 6530(a)(1) and (b)(1) to 7:00:00 p.m. ET. Partial Amendment No. 1

³⁸ See Notice, supra note 3.

³⁹ See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

would also make a corresponding change to the definition of “SLATE system hours” in proposed Rule 6510(i) (renumbered as (h)) to specify that the SLATE system is open through 11:59:59 p.m. ET. FINRA believes that these proposed amendments to extend SLATE system hours are appropriate to provide additional time to process SLATE submissions at the end of the day. FINRA believes that the proposed amendment to modify the loan cut-off time from 7:45:00 p.m. ET to 7:00:00 p.m. ET would provide additional time to report loans that are effected near the end of the day, including time to complete any necessary security set up in SLATE.

8. Reporting Agent Supervision

FINRA is proposing to amend the Original Proposal to delete proposed Rule 6530(d)(3). As originally proposed, Rule 6530(d)(3) would have specified that a member relying on a reporting agent to report covered securities loan information to SLATE has an obligation under FINRA Rule 3110 (Supervision) to take reasonable steps to ensure that the reporting agent is complying with SEA Rule 10c-1a and FINRA Rule 6530 on the member’s behalf.⁴⁰ Two commenters expressed concern with this requirement,⁴¹ including that it shifts back to the covered person the reporting compliance burden established by SEA Rule 10c-1a and would create a reconciliation obligation that would be time consuming, costly, and operationally intensive.⁴²

In Partial Amendment No. 1, FINRA is deleting proposed Rule 6530(d)(3). In its oversight of member compliance with SEA Rule 10c-1a, in addition to reviewing whether members have complied with the requirements of SEA Rule 10c-1a(a)(2) with respect to the use of reporting agents, FINRA also will review the timeliness and accuracy of SLATE reports

⁴⁰ See Notice, supra note 3.

⁴¹ See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

⁴² See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

submitted by reporting agents in light of a reporting agent's obligations under SEA Rule 10c-1a(b) and the underlying requirements of SEA Rule 10c-1a. After gaining experience with the SLATE program, FINRA will reevaluate whether any additional measures are appropriate.

9. Loan Transaction Activity and Rate Distribution Data

FINRA is proposing to amend the Original Proposal to remove the subcategories of volume data from the aggregate loan transaction activity to be disseminated. Under the Original Proposal, in addition to the total aggregate volume of securities subject to an initial covered securities loan or modification to the amount of reportable securities loaned reported on the prior business day, Rule 6540(c)(1) paragraphs (A) through (E) would have provided that FINRA would disseminate, by the morning of the next business day, aggregate loan transaction activity, including information broken down into several subcategories (e.g., by borrower type or whether a loan is an open or term loan).⁴³ Some commenters expressed concern regarding the Original Proposal, including that the level of data granularity exceeds the discretion provided by the Commission with respect to aggregate data, and that bucketing data by borrower type, in particular, may permit market participants to discern individual loan amounts that are subject to delayed dissemination under SEA Rule 10c-1a.⁴⁴

In Partial Amendment No. 1, FINRA is proposing to amend paragraph (c)(1)(A) to provide that FINRA will disseminate the aggregate volume of securities subject to an initial covered securities loan or modification to the amount of reportable securities loaned, reported on the prior business day. FINRA is proposing to delete paragraphs (c)(1)(B) through (E). FINRA believes it is appropriate, at this time, to revise the Original Proposal as described and to revisit

⁴³ See Notice, supra note 3.

⁴⁴ See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

the possibility of enhancing the aggregate loan transaction activity in the future after gaining experience with the impact of disseminating volume data and analyzing what additional information could be useful while continuing to be sensitive to potential information leakage concerns. Any future amendments to the dissemination provisions would be subject to a separate proposed rule change with the Commission and subject to notice and comment.

FINRA is also proposing to amend proposed Rules 6540(a) and (b) to clarify that FINRA will disseminate, as part of the individual loan transaction data, the unique identifier assigned by FINRA to the covered securities loan for a loan modification “if reported to SLATE or otherwise identified by FINRA.” This amendment is appropriate because a covered person may be unable to report a FINRA identifier for a loan modification if the FINRA identifier was not yet assigned by FINRA—e.g., in the case of a same-day return or partial return of shares, where the initial covered securities loan and the modification to the same loan are reported to SLATE on T+0.

In addition, FINRA is proposing to amend proposed Rule 6540(c)(2)(A) to provide that the loan rate distribution statistics for loans collateralized by cash will be bucketed by U.S. currency and non-U.S. currency, as applicable. In the Original Proposal, Rule 6540(c)(2)(A) would have provided that FINRA would disseminate the highest rebate rate, lowest rebate rate, and volume weighted average of the rebate rates reported for initial covered securities loans collateralized by cash and for loan modifications collateralized by cash (where the loan modification involved a change to the rebate rate).⁴⁵ The proposed amendment is appropriate because the currency used as collateral will impact the rebate rate reported to SLATE and, therefore, separating the rate information by U.S. currency collateral and non-U.S. currency collateral will make the disseminated information more useful.

⁴⁵ See Notice, supra note 3.

10. De Minimis Loan Transaction Activity

FINRA is proposing to amend the Original Proposal to clarify the operation of the de minimis exception for aggregate loan transaction activity and increase the de minimis threshold. As originally proposed, Supplementary Material .01 to proposed Rule 6540 (De Minimis Loan Transaction Activity) would have provided that FINRA may omit from the aggregate loan activity volume information for reportable securities for which there were three or fewer types of initial covered securities loan and loan modification events reported to SLATE in total on the prior business day.⁴⁶ Some commenters expressed concern regarding the de minimis provision, including that the threshold of three or fewer loan or loan modification events is insufficient to effectively prevent information leakage and that the application of the de minimis exception should be mandatory rather than discretionary.⁴⁷

In Partial Amendment No. 1, FINRA is proposing to amend Supplementary Material .01 to clarify the operation of the de minimis provision and increase the threshold. Specifically, FINRA is proposing to amend proposed Rule 6540.01 to clarify that FINRA's application of the de minimis threshold will be non-discretionary and to provide that FINRA will not include aggregate volume information for a security unless there were reports submitted to SLATE on the prior business day for at least 10 distinct covered securities loans in the reportable security (represented by different FINRA-assigned unique loan identifiers).⁴⁸ Therefore, under paragraph

⁴⁶ See Notice, supra note 3.

⁴⁷ See Partial Amendment No. 1; see also, Response to Comments, SR-FINRA-2024-007.

⁴⁸ FINRA will not have insight into all of the relevant loan details necessary to generate the statistics described in proposed Rule 6540(c) with respect to modifications to loans for which reporting was not required pursuant to SEA Rule 10c-1a(c) at the time the loan was agreed to or last modified (i.e., modifications reported to SLATE pursuant to SEA Rule 10c-1a(d)(2)). Therefore, the daily loan statistics that FINRA will publish will only reflect modifications to covered securities loans that were previously reported to SLATE.

(c)(1), FINRA would not disseminate aggregate volume information in a reportable security unless there were at least 10 unique loans reported to SLATE in the security on the prior business day.⁴⁹

Following are the changes proposed in Partial Amendment No. 1, with the proposed changes in the original filing shown as if adopted. Proposed new language in Partial Amendment No. 1 is italicized; proposed deletions in Partial Amendment No. 1 are in brackets:

6000. QUOTATION, ORDER, AND TRANSACTION REPORTING FACILITIES

* * * * *

6500. SECURITIES LENDING AND TRANSPARENCY ENGINE (SLATE)

6510. Definitions

For the purposes of this Rule 6500 Series, the following terms have the following meaning:

[(a) “Affiliate” means an entity that controls, is controlled by or is under common control with a Covered Person. For the purposes of this definition, “control,” along with any derivative thereof, means legal, beneficial, or equitable ownership, directly or indirectly, of 25 percent or more of the capital stock (or other ownership interest, if not a corporation) of any entity ordinarily having voting rights. The term “common control” means the same natural person or entity controls two or more entities.]

(a)[(b)] “Confidential Data Element” means an item of information that a Covered Person must report under SEA Rule 10c-1a(e) and FINRA Rule 6530(a)(2)(M)[(O)] through (U)[(X)].

⁴⁹ This proposed provision is intended to address potential information leakage in circumstances where there are multiple reported events associated with the same loan on a given day.

(b)[(c)] “Custodian” means a Broker or Bank that is providing safekeeping or custody services as described in Exchange Act Section 3(a)(4)(B)(viii)(I)(aa) or (bb) in connection with the Covered Securities Loan.

(c)[(d)] “Data Element” means an item of information that a Covered Person must report under SEA Rule 10c-1a(c) and FINRA Rule 6530(a)(2)(A) through (L)[(N)] and (Y).

(d)[(e)] “Initial Covered Securities Loan” means a new Covered Securities Loan not previously reported to SLATE.

(e)[(f)] “Loan Modification” means a change to any Data Element with respect to a Covered Securities Loan (irrespective of whether such Covered Securities Loan was previously reported to SLATE).

(f)[(g)] “Securities Lending and Transparency Engine” or “SLATE” means the automated system developed by FINRA that, among other things, accommodates reporting and dissemination of loan reports where applicable in Covered Securities Loans.

(g)[(h)] “SLATE Participant” means any person that reports securities loan information to SLATE, directly or indirectly.

(h)[(i)] “SLATE System Hours” means the hours SLATE is open, which are 6:00:00 a.m. Eastern Time through 11:59:59[(7:59:59)] p.m. Eastern Time on a business day, unless otherwise announced by FINRA.

(i)[(j)] The following terms shall have the meanings set forth in Exchange Act Section 3(a): “Bank,” “Broker,” “Dealer,” and “Clearing Agency.”

(j)[(k)] The following terms shall have the meanings set forth in SEA Rule 10c-1a: “Covered Person,” “Covered Securities Loan,” “Reporting Agent,” and “Reportable Security.”
6520. Participation in SLATE

(a) No Change.

(b) Reporting Agents

A SLATE Participant acting as a Reporting Agent shall provide FINRA with a list naming each Covered Person on whose behalf the Reporting Agent is providing information to SLATE and shall provide FINRA with any updates[changes] to the list of such persons by the end of the day on which any such change occurs, in the form and manner specified by FINRA.

(c) No Change.

6530. Reporting Securities Loan Information

(a) Initial Covered Securities Loans

(1) When and How Initial Covered Securities Loans Are Reported

For Initial Covered Securities Loans, Covered Persons must report the information specified in paragraph [Rule 6530](a)(2) of this Rule to SLATE, as provided in this paragraph (a)(1):

(A) An Initial Covered Securities Loan effected on a business day at or after 12:00:00 a.m. Eastern Time through 7:00:00[7:45:00] p.m. Eastern Time must be reported the same day [before 8:00:00]by 11:59:59 p.m. Eastern Time;

(B) An Initial Covered Securities Loan effected on a business day after 7:00:00[7:45:00] p.m. Eastern Time must be reported no later than the next business day (T+1) [before 8:00:00]by 11:59:59 p.m. Eastern Time; or

(C) An Initial Covered Securities Loan effected on a Saturday, a Sunday, a federal or religious holiday or other day on which SLATE is not open at any time during that day (determined using Eastern Time) must be reported the next business day (T+1) [before 8:00:00]by 11:59:59 p.m. Eastern Time.

(2) Loan Information To Be Reported

For Initial Covered Securities Loans, each SLATE report shall contain the following information:

(A) No Change.

(B) Security symbol, CUSIP, ISIN, or FIGI, or other security identifier[if any];

(C) through (D) No Change.

[(E) The expected settlement date of the Covered Securities Loan;]

(E)[(F)] The name of the platform or venue where the Covered Securities Loan was effected;

(F)[(G)] The amount of the Reportable Securities loaned;

(G)[(H)] The type of collateral used to secure the Covered Securities Loan;

(H)[(I)] For a Covered Securities Loan collateralized by cash, the rebate rate or any other fee or charges;

(I)[(J)] For a Covered Securities Loan not collateralized by cash, the securities lending fee or rate, or any other fee or charges;

[(K) Any other fees or charges;]

(J)[(L)] The percentage of collateral to value of Reportable Securities loaned required to secure such Covered Securities Loan;

(K)[(M)] [For a Covered Securities Loan with a specified term, t]The termination date of the Covered Securities Loan;

(L)[(N)] Whether the borrower is a Broker or Dealer, a customer (if the person lending securities is a Broker or Dealer), a Clearing Agency, a Bank, a Custodian, or other person;

(M) If known, the MPID of the Covered Person;

(N)[(O)] If known, the legal name of each party to the Covered Securities Loan (other than the customer from whom a Broker or Dealer borrows fully paid or excess margin securities pursuant to SEA Rule 15c3-3(b)(3));

(O)[(P)] If known, the CRD Number or Investment Adviser Registration Depository Number of each party to the Covered Securities Loan[, if applicable];

(P)[(Q)] If known, the MPID of each party to the Covered Securities Loan;

(Q)[(R)] If known, the LEI of each party to the Covered Securities Loan;

(R)[(S)] If known, whether each party to the Covered Securities Loan is the lender, the borrower, or an intermediary between the lender and the borrower;

(S)[(T)] If the person lending securities is a Broker or Dealer and the borrower is its customer, whether the security is loaned from the Broker's or Dealer's securities inventory to a[the] customer of such Broker or Dealer;

(T)[(U)] If known, whether the Covered Securities Loan is being used to close out a fail to deliver pursuant to Rule 204 of SEC Regulation SHO or to close out a fail to deliver outside of Regulation SHO; and

[(V)] Whether the Covered Person is the lender, borrower or intermediary;]

(U)(W) Where a Covered Person's daily submission includes two or more reports related to the same Covered Securities Loan (e.g., an Initial Covered Securities Loan and a Loan Modification to terminate the Covered Securities Loan) and FINRA has not yet assigned a unique identifier to the Initial Covered Securities Loan, a [The] unique [internal] identifier assigned to the Covered Securities Loan by the Covered Person responsible for reporting the loan to SLATE.[:]

[(X) If the Covered Securities Loan is an allocation of an omnibus loan effected pursuant to an agency lending agreement, the unique internal identifier for the associated omnibus loan assigned by the Covered Person responsible for reporting the Covered Securities Loan to SLATE; and]

[(Y) Such modifiers and indicators as required by either the Rule 6500 Series or the SLATE Participant specification.]

(3) No Change.

(4) Reporting Loan Rates Based on a Spread to a Benchmark or Reference Rate

(A) Report the rebate rate or lending fee or rate; or

(B) Report:

(i) the rebate rate or lending fee or rate as of the date the Covered Securities Loan was effected;

(ii) the spread; and

(iii) the identity of the benchmark or reference rate.

(b) Covered Securities Loan Modifications

(1) When and How Loan Modifications Are Reported

For Loan Modifications, Covered Persons must report the information specified in paragraph (b)(2) of this Rule to SLATE, as provided in this paragraph (b)(1):

(A) A Loan Modification effected on a business day at or after 12:00:00 a.m. Eastern Time through 7:00:00[7:45:00] p.m. Eastern Time must be reported the same day [before 8:00:00]by 11:59:59 p.m. Eastern Time;

(B) A Loan Modification effected on a business day after 7:00:00[7:45:00] p.m. Eastern Time must be reported no later than the next business day (T+1) [before 8:00:00]by 11:59:59 p.m. Eastern Time; or

(C) A Loan Modification effected on a Saturday, a Sunday, a federal or religious holiday or other day on which SLATE is not open at any time during that day (determined using Eastern Time) must be reported the next business day (T+1) [before 8:00:00]by 11:59:59 p.m. Eastern Time.

(2) Loan Modifications – Information To Be Reported

For Loan Modifications, each SLATE report shall contain the following information:

(A) The unique identifier assigned by FINRA to the Initial Covered Securities Loan, or, if] where a Covered Person's daily submission includes two or more reports related to the same Covered Securities Loan and FINRA [a unique identifier] has not yet [been] assigned a unique identifier to the Covered Securities Loan[by FINRA], the [unique internal] identifier reported pursuant to paragraph (a)(2)(U) of this Rule [assigned to the Covered Securities Loan by the Covered Person responsible for reporting the loan to SLATE];

[(B) If the Covered Securities Loan is an allocation of an omnibus loan effected pursuant to an agency lending agreement, the unique internal identifier for the associated omnibus loan assigned by the Covered Person responsible for reporting the Covered Securities Loan to SLATE;]

(B)[(C)] If known, t[T]he MPID of the Covered Person;

(C)[(D)] The date of the Loan Modification;

(D)[(E)] The time of the Loan Modification; and

[(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);]

[(G) Whether the Covered Person is the lender, borrower or intermediary;]

(E)(i) [(H)] If the Loan Modification occurs after the Data Elements for such Covered Securities Loan are reported to SLATE, and results in a change to information previously required to be reported to SLATE, the specific modification and the specific Data Elements being modified, or

(ii) If the Loan Modification is to a Covered Securities Loan for which reporting to SLATE was not required on the date the loan was agreed to or last modified and results in a change to any of the Data Elements, all Data Elements as of the date of modification and an identifier described in paragraph (a)(2)(U) of this Rule.[The modified Data Elements for a Loan Modification to a Covered Securities Loan previously

reported to SLATE or all Data Elements for a Loan Modification to a Covered Securities Loan that was not previously required to be reported to SLATE; and]

[(I) Such modifiers and indicators as required by either the Rule 6500 Series or the SLATE Participant specification.]

[(c) Modifiers and Indicators]

[Append the applicable modifiers or indicators as specified by FINRA to all SLATE reports.]

[(1) Exclusive Arrangement

If the Covered Securities Loan is made pursuant to an exclusive arrangement with the borrower or intermediary, select the appropriate indicator.]

[(2) Loan to Affiliate

If the Covered Securities Loan is made to an Affiliate of the lender or intermediary, select the appropriate indicator.]

[(3) Unsettled Loan

If an Initial Covered Securities Loan or a modification to the amount of Reportable Securities loaned did not settle by the close of SLATE System Hours on the expected settlement date, select the appropriate indicator.]

[(4) Terminated Loan

If a Covered Securities Loan has been terminated, select the appropriate indicator.]

[(5) Rate or Fee Adjustment

(A) If a loan rebate rate or lending fee accounts for a billing adjustment or correction to amounts previously rebated or charged, select the appropriate modifier; or

(B) If a loan rebate rate or lending fee accounts for the value of a distribution or other economic benefit associated with the Reportable Security, e.g., a corporate action, select the appropriate modifier.]

[(6) Basket Loan

If a loan rebate rate or lending fee reflects a rate or fee involving a basket of at least 10 unique Reportable Securities for a single agreed rate or fee for the entire basket, select the appropriate modifier.]

(c)[(d)] Compliance With Reporting Obligations

(1) No Change.

(2) No Change.

[(3) A member relying on a Reporting Agent to report Covered Securities Loan information to SLATE has an obligation under FINRA Rule 3110 to take reasonable steps to ensure that the Reporting Agent is complying with SEA Rule 10c-1a and FINRA Rule 6530 on its behalf.]

(3)[(4)] If a Covered Person makes a good faith determination that it has a reporting obligation under SEA Rule 10c-1a [and this Rule 6500 Series], the Covered Person or Reporting Agent, as applicable, must report the Covered Securities Loan as provided in this Rule, and if the Reportable Security is not entered into the SLATE system, the Covered Person or Reporting Agent, as applicable, must promptly notify and provide FINRA Operations, in the form and manner required by FINRA, the information

specified in Rule 6530(a)(2)(A) and (B), along with such other information as FINRA deems necessary to enter the Reportable Security for reporting through SLATE.

[• • • Supplementary Material: -----]

[.01 Intraday Loan Modifications. If a Covered Securities Loan previously reported to SLATE or a Covered Securities Loan not previously reported to SLATE is modified multiple times throughout the day, a Covered Person must report each Loan Modification as set forth in Rule 6530(b).]

[.02 Changes to the Parties to a Covered Securities Loan. With respect to a previously reported Covered Securities Loan, following the addition or removal of a party required to be identified pursuant to Rule 6530(a)(2)(O), a Covered Person must: (a) report the termination of the previously reported Covered Securities Loan as a Loan Modification pursuant to Rule 6530(b) that reflects the date and time the party was added or removed and select the Terminated Loan indicator; and (b) report an Initial Covered Securities Loan pursuant to Rule 6530(a) that reflects the new parties to the loan, if known (other than the customer from whom a Broker or Dealer borrows fully paid or excess margin securities pursuant to SEA Rule 15c3-3(b)(3)).]

6540. Dissemination of Loan Information

(a) Next Day Dissemination

For each Initial Covered Securities Loan and Loan Modification reported to SLATE on a given business day, no later than the morning of the next business day, FINRA will make publicly available:

(1) for an Initial Covered Securities Loan, the unique identifier assigned by FINRA to the Covered Securities Loan;

(2) for a Loan Modification, the unique identifier assigned by FINRA to the Covered Securities Loan if reported to SLATE or otherwise identified by FINRA;

(3)[(2)] the security identifier(s) specified in Rule 6530(a)(2)(A) or (B) that FINRA determines is appropriate to disseminate; and

(4)[(3)](A) for each Initial Covered Securities Loan, all other Data Elements reported to SLATE, except the amount of Reportable Securities loaned [and as otherwise provided for in paragraph (d) of this Rule]; or

(B) for each Loan Modification reported pursuant to Rule 6530(b)(2)(E)(i)[to a Covered Securities Loan], the modified Data Elements reported to SLATE, except the amount of Reportable Securities loaned [and as otherwise provided for in paragraph (d) of this Rule]; or

(C) for each Loan Modification reported pursuant to Rule 6530(b)(2)(E)(ii)[to a Covered Securities Loan that was not previously required to be reported to SLATE], all other Data Elements reported to SLATE, except the amount of Reportable Securities loaned [and as otherwise provided for in paragraph (d) of this Rule].

(b) Delayed Dissemination

For each Initial Covered Securities Loan and Loan Modification reported to SLATE, 20 business days after the date on which the Initial Covered Securities Loan was effected or the loan [amount] was modified, FINRA will make publicly available:

(1) for an Initial Covered Securities Loan, the unique identifier assigned by FINRA to the Covered Securities Loan;

(2) for a Loan Modification, the unique identifier assigned by FINRA to the Covered Securities Loan if reported to SLATE or otherwise identified by FINRA;

(3)[(2)] the security identifier(s) specified in Rule 6530(a)(2)(A) or (B) that FINRA determines is appropriate to disseminate; and

(4)[(3)] the amount of Reportable Securities loaned reported to SLATE.

(c) Daily Loan Statistics

(1) Aggregate Loan Transaction Activity

For each Reportable Security for which an Initial Covered Securities Loan or Loan Modification is reported to SLATE on a given business day, no later than the morning of the next business day, FINRA will disseminate the security identifier specified in Rule 6530(a)(2)(A) or (B) that FINRA determines is appropriate to disseminate and the [aggregate loan activity in the Reportable Security, including the:

(A)]aggregate volume of securities [(both in total and by collateral type)] subject to an Initial Covered Securities Loan or modification to the amount of Reportable Securities loaned, reported on the prior business day.[:]

[(B) aggregate volume of securities (both in total and by collateral type) subject to a rebate rate or fee modification, reported on the prior business day;]

[(C) aggregate volume of securities subject to an Initial Covered Securities Loan or modification to the amount of Reportable Securities loaned with a specified term, and subject to an Initial Covered Securities Loan or modification to the amount of Reportable Securities loaned without a specified term, reported on the prior business day;]

[(D) aggregate volume of securities subject to an Initial Covered Securities Loan or modification to the amount of Reportable Securities loaned to one or more borrower types specified in Rule 6530(a)(2)(N) reported on the prior business day; and]

[(E) the total number of Initial Covered Securities Loans and terminated Covered Security Loans (both in total and by collateral type) reported on the prior business day.]

(2) Loan Rate Distribution Data

For each Reportable Security for which an Initial Covered Securities Loan or Loan Modification is reported to SLATE on a given business day, no later than the morning of the next business day, FINRA will disseminate the security identifier specified in Rule 6530(a)(2)(A) or (B) that FINRA determines is appropriate to identify the relevant Reportable Security and information pertaining to the distribution of loan rebate rates and lending fees or rates, as applicable, including:

(A) the highest rebate rate, lowest rebate rate, and volume weighted average of the rebate rates by U.S. currency and non-U.S. currency, as applicable, reported for Initial Covered Securities Loans collateralized by cash and for Loan Modifications collateralized by cash (where the Loan Modification involved a change to the rebate rate); and

(B) the highest lending fee or rate, lowest lending fee or rate, and volume weighted average of the lending fees or rates reported for Initial Covered Securities Loans not collateralized by cash and for Loan Modifications not

collateralized by cash (where the Loan Modification involved a change to the lending fee or rate).

(d) Loan Transaction Information Not Disseminated

FINRA will not disseminate[:

(1)] any Confidential Data Elements reported to SLATE[; and

(2) any modifier or indicator required by either the Rule 6500 Series or the SLATE Participant specification that FINRA determines shall not be publicly disseminated].

••• Supplementary Material: -----

.01 De Minimis Loan Transaction Activity. Notwithstanding paragraph (c)(1) of this Rule, FINRA will not include [may omit from the aggregate loan activity] aggregate volume information for a Reportable Security[ies] [for] unless [which] there were reports submitted to SLATE on the prior business day for at least ten distinct Covered Securities Loans in the Reportable Security (represented by different FINRA-assigned unique loan identifiers) [there were three or fewer types of Initial Covered Securities Loan and Loan Modification events reported to SLATE in total on the prior business day].

.02 No Change.

6550. Emergency Authority

No Change.

* * * * *

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended by Partial Amendment No. 1, is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-FINRA-2024-007 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-FINRA-2024-007. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of FINRA. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to File Number SR-FINRA-2024-007 and should be submitted on

or before [INSERT DATE 15 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵⁰

Stephanie J. Fouse,

Assistant Secretary.

⁵⁰ 17 CFR 200.30-3(a)(12).