

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 240

[Release No. 34-94315; File No. S7-18-21]

RIN 3235-AN01

Reopening of Comment Period for Reporting of Securities Loans

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule; reopening of comment period.

SUMMARY: On November 18, 2021, the Securities and Exchange Commission issued for comment a proposed rule under the Securities Exchange Act of 1934 (“Exchange Act”) in Release No. 34-93613 (Nov. 18, 2021), 86 FR 69802 (Dec. 8, 2021) regarding the reporting of securities loans. The Commission is reopening the comment period for the proposed rule in light of the proposed Exchange Act rule regarding short sale disclosure. In particular, the Commission is soliciting comment on any potential effects of the proposed Exchange Act rule regarding short sale disclosure that the Commission should consider in determining whether to adopt the proposed Exchange Act rule regarding the reporting of securities loans.

DATE: The comment period for the proposed rule published in the Federal Register on December 8, 2021, at 86 FR 69802, is reopened. Comments should be received on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission’s internet comment form
(<http://www.sec.gov/rules/submitcomments.htm>); or

- Send an email to rule-comments@sec.gov. Please include File Number S7-18-21 on the subject line.

Paper comments:

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

All submissions should refer to File Number S7-18-21. 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 of submission. The Commission will post all comments on the Commission's website (<http://www.sec.gov/rules/proposed.shtml>). Comments are also 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. Operating conditions may limit access to the Commission's Public Reference Room. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

Studies, memoranda, or other substantive items may be added by the Commission or staff to the comment file during this rulemaking. A notification of the inclusion in the comment file of any such materials will be made available on our website. To ensure direct electronic receipt of such notifications, sign up through the "Stay Connected" option at www.sec.gov to receive notifications by email.

FOR FURTHER INFORMATION CONTACT: Theresa Hajost, Special Counsel, John Guidroz, Branch Chief, Josephine J. Tao, Assistant Director, Office of Trading Practices,

Division of Trading and Markets, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549, at (202) 551-5777.

SUPPLEMENTARY INFORMATION:

I. Background

In November 2021, the Commission issued for comment proposed 17 CFR 240.10c-1 (“Rule 10c-1”), Reporting of Securities Loans, under the Exchange Act.¹ The proposed rule is designed to increase the transparency and efficiency of the securities lending market by requiring any person that loans a security on behalf of itself or another person to report the material terms of those securities lending transactions and related information regarding the securities the person has on loan and available to loan to a registered national securities association (“RNSA”).² The comment period for proposed Rule 10c-1 ended on January 7, 2022.

II. Reopening of Comment Period

On February 25, 2022, the Commission proposed 17 CFR 240.13f-2 (“Rule 13f-2”)³ which is designed to provide greater transparency through the publication of short sale related data to investors and other market participants. Proposed Rule 13f-2 and related Proposed Form SHO would require that institutional money managers⁴ file via the Commission’s Electronic

¹ See Reporting of Securities Loans, Exchange Act Release 93613 (Nov. 18, 2021), 86 FR 69802 (Dec. 8, 2021).

² Proposed Rule 10c-1 would also require the RNSA to publicly disseminate certain information.

³ Short Position and Short Activity Reporting by Institutional Investment Managers, Exchange Act Release 94313, Feb. 25, 2022.

⁴ As defined in Section 13(f)(6)(A) of the Exchange Act and for purposes of proposed Rule 13f-2, “institutional investment manager” includes any person, other than a natural person, investing in or buying and selling securities for its own account, and any person exercising investment discretion with respect to the account of another person. 15 U.S.C. 78m(f)(6)(A).

Data Gathering, Analysis, and Retrieval System (EDGAR), on a monthly basis, certain short sale related data, some of which would be aggregated and made public.⁵

The Commission is reopening the comment period for proposed Rule 10c-1 so that commenters may consider whether there would be any effects of proposed Rule 13f-2 that the Commission should consider in connection with proposed Rule 10c-1.

The Commission is reopening the comment period for proposed Rule 10c-1 Reporting of Securities Loans⁶ until [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

By the Commission.

Date: February 25, 2022.

Eduardo A. Aleman,
Deputy Secretary.

⁵ In addition to proposed Rule 13f-2 and proposed Form SHO, the Commission proposed: (i) Rule 205, which would establish a new “buy to cover” order marking requirement for certain purchase orders; and (ii) proposed amendments to the national market system plan governing the Consolidated Audit Trail (“CAT”), which would require CAT reporting firms to report “buy to cover” order marking information and reliance on the bona fide market making exception in the Commission’s short sale rules.

⁶ See Exchange Act Release No. 93613 (Nov. 18, 2021), 86 FR 69802 (Dec. 8, 2021).