

FINANCIAL INFORMATION FORUM

June 17, 2025

By electronic mail

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20002
Attn: Elizabeth Sandoe, Senior Special Counsel

Financial Industry Regulatory Authority, Inc.
1735 K Street, NW
Washington, DC 20006
Attn: Lauren Schreur, Associate General Counsel

Re: FINRA Rule 6500 Series: Securities Lending and Transparency Engine (SLATE)

Dear Ms. Sandoe and Ms. Schreur,

Financial Information Forum (“FIF”) is submitting this letter on behalf of FIF members as a follow-up to the letter that FIF submitted on April 25, 2025 (the “April 2025 FIF letter”).¹ This supplemental letter relates to (i) the implementation of Rule 10c-1a under the Securities Exchange Act of 1934,² adopted by the Securities and Exchange Commission (the “Commission”) on October 13, 2023,³ (ii) the implementation of the Financial Industry Regulatory Authority (“FINRA”) Rules 6500 Series, titled “Securities Lending and Transparency Engine (SLATE)”, and (iii) the associated Participant Specifications published by FINRA on February 12, 2025 (the “Participant Specifications”).⁴ This letter discusses additional issues and questions raised by FIF members relating to the implementation of SLATE. FIF members continue to discuss the implementation of SLATE and could raise additional issues and questions in the future.

¹ Available at <https://fif.com/index.php/working-groups/category/271-comment-letters?download=3255:fif-letter-to-the-sec-and-finra-relating-to-the-implementation-of-slate&view=category> (“April 2025 FIF letter”).

² 17 CFR §240.10c-1a.

³ Securities Exchange Act Release No. 98737 (Oct. 13, 2023), 88 FR 75644 (Nov. 3, 2023) (Reporting of Securities Loans).

⁴ Participant Specifications for Securities Lending and Transparency Engine (SLATE™), Version 1.1 (Feb. 12, 2025), available at <https://www.finra.org/sites/default/files/2024-05/slate-participant-specification.pdf> (“Participant Specifications”).

FIF members remain concerned about the current implementation timeline given (i) the number of open interpretive questions, including many questions relating to fundamental reporting issues, (ii) the incomplete specifications, (iii) the lack of file schemas and sample submission and response files, and (iv) the lack of guidance and documentation relating to connectivity, the onboarding process, system validations, the testing environment and process, the feedback process, and the process and timeline for communication and repair of errors. FIF members raised all of these issues in the April 2025 FIF letter. Given the current status, FIF members consider that an extension of the current implementation date for SLATE is necessary. FIF members believe that any time period for the implementation of SLATE should run from the date that the Commission and FINRA provide interpretive guidance in response to issues and questions raised by FIF members and other market participants. FIF members further note that it is not feasible for testing to commence during July 2025, as currently estimated on the FINRA website.⁵

A. Requirement for all SLATE Participants to obtain an MPID

FIF members are concerned about the requirement for every SLATE Participant to obtain an MPID.⁶ One concern is that many foreign entities (including foreign affiliates of U.S. broker-dealers) will be required to obtain MPIDs. Many FIF members have identified this as a significant challenge. FIF members believe that a Covered Person should only be required to obtain an MPID if the Covered Person is reporting directly to SLATE (i.e., if the Covered Person is not reporting through a Reporting Agent or Submitter). If a Covered Person has engaged a Reporting Agent or Submitter to report on its behalf, it should be sufficient for the Reporting Agent or Submitter to obtain and report an MPID. This approach could be conditioned on the Reporting Agent or Submitter reporting a Legal Entity Identifier (“LEI”) for the Covered Person.

FIF members understand that this change would impact linkage validations described in the Participant Specifications, which include the coveredPersonMPID. There are various approaches to address this issue. For example, FINRA could add a field for a Reporting Agent or Submitter to report if the Reporting Agent or Submitter is not reporting an MPID for the Covered Person; this field would report the Covered Person’s LEI. For these events, FINRA would validate based on this LEI instead of the coveredPersonMPID. Currently a reporting firm is required to include the “CMPID” (Covered Person MPID) in the filename.⁷ Accordingly, FIF members understand that the change proposed in this paragraph also would require a change to the current requirements relating to filenames. FIF members understand that other changes also could be required. FIF members are available to provide input to FINRA representatives on potential approaches to address this issue.

⁵ See FINRA Securities Lending and Transparency Engine (SLATE), available at <https://www.finra.org/filing-reporting/slate>.

⁶ FINRA Rule 6520(a)(2)(A).

⁷ Participant Specifications, at 34.

FIF members further note that the requirement in FINRA Rule 6520 for every SLATE Participant to obtain an MPID⁸ appears to be inconsistent with FINRA Rule 6530, which only requires the reporting of a Covered Person's MPID "if known".⁹

B. Definition of "Bank"

Commission Rule 10c-1a(c)(12) and FINRA Rule 6530(a)(ii)(L) require a Covered Person to report whether a borrower is a "Bank."¹⁰ FINRA Rule 6510(i) defines a Bank by reference to Section 3(a) of the Securities Exchange Act of 1934 (the "Exchange Act") (more specifically, Section 3(a)(6)).¹¹ FIF members are not aware of any commercially available data source that conforms to the definition of "bank" in Section 3(a)(6) of the Exchange Act. In addition, the application of the definition of "bank" under Section 3(a)(6) to various counter-parties can require complex analysis. For example, the third prong of the definition of "bank" under Section 3(a)(6), which applies if a counter-party is not a federally chartered bank or a member of the Federal Reserve, defines a bank to include a banking institution or savings association,

... a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to national banks under the authority of the Comptroller of the Currency pursuant to section 92a of title 12, and which is supervised and examined by State or Federal authority having supervision over banks or savings associations, and which is not operated for the purpose of evading the provisions of this chapter¹²

This is a complex and fact-specific determination, and it is not appropriate to require Covered Persons to conduct an analysis for every counter-party as to whether the counter-party meets this definition.

Given the complexity of this definition, FIF members request that FINRA remove this value as a borrowerType value. Alternatively, FIF members request that FINRA generate and make publicly available a list of entities that fall within this definition. This list should include a reference identifier, such as an LEI, for each Bank, as this would enable Covered Persons to automate the reporting of this value.

C. eventDateTime for manual loans

The Participant Specifications provide that a Covered Person should report the following in the eventDateTime field: "Date and time to which these terms of the loan were effected."¹³ For a loan that is agreed manually, there would be some time lag between the time that a Covered Person agrees to a loan and the time that a representative of the Covered Person inputs the loan into the Covered Person's

⁸ FINRA Rule 6520(a)(2)(A).

⁹ FINRA Rule 6530(a)(2)(M).

¹⁰ 17 CFR §240.15c-1(a)(c)(12).

¹¹ 15 U.S.C. §78c(a)(6).

¹² Ibid.

¹³ See, for example, id. at 11.

electronic books and records. FIF members request that FINRA provide written guidance that for a loan that is agreed manually, it would be permitted for a Covered Person to report as the eventDateTime the date and time that a representative of the Covered Person inputs the loan into the Covered Person's electronic books and records. FINRA could specify in connection with this guidance that a Covered Person is required to implement procedures to provide for the timely input of manual loans into its electronic books and records. As requested, this guidance would not apply for electronically-executed loans. For this purpose: (i) we define an electronically-executed loan to mean a loan where a system automatically generates a timestamp for the loan at the time the loan is agreed; and (ii) we define a manually-agreed loan to mean a loan where there is no system that generates a timestamp at the time the loan is agreed, and a timestamp is instead generated by the Covered Person's systems when a representative of the Covered Person manually inputs the loan details into a system of the Covered Person.

D. Change to party information after a loan is effected

After a loan is effected, a party to the loan could have a name change. A party could also have a change in LEI or other reported identifier (for example, if the party is merged into another entity). FIF members note that the Modify Loan Event does not include the party information fields. Based on this fact, FIF members understand that Covered Persons are not required to report changes in party information to SLATE. FIF members request confirmation on this point.

FIF members note that some Covered Persons will want to report to SLATE certain changes in party information. This could occur, for example, as a result of (i) a party to a loan merging into another entity or (ii) a lending agent substituting a lender on a loan allocation with a new lender. Some Covered Persons will also want to incorporate the updated party information in subsequent Modify Loan Events reported to SLATE. Given the above, FIF members request that FINRA add the party information fields to the Modify Loan Event. FIF members further request that it should be optional for a Covered Person as to whether it wants to report changes in party information. Some FIF members have indicated that it would be challenging to track certain changes in party information (such as LEIs) on an ongoing basis and to report those changes to SLATE; on the other hand, other FIF members have expressed concerns about inconsistencies in party information between their SLATE reporting and their internal books and records and, accordingly, request the option to report updated party information through the Modify Loan Event.

FIF members also note that a Covered Person could, at its option, chose to terminate a loan upon a name change and create a new loan in its books and records. FIF members understand that in this scenario the Covered Person would report (i) a Terminate Loan Event or a Modify Loan Event to report the termination, and (ii) a New Loan Event to report the new loan. FIF members request confirmation on this point.

E. Loan that is novated to the Options Clearing Corporation

In the April 2025 FIF letter, FIF members requested clarification on how a Covered Person that is a broker-dealer should report for the scenario where two broker-dealers negotiate and agree to a

loan bilaterally and novate the loan to the Options Clearing Corporation (the “OCC”).¹⁴ More specifically, FIF members requested clarification on whether the lender should report the OCC or the borrowing broker-dealer as the lender’s counter-party.¹⁵

As a follow-up to this prior clarification request, FIF members note that many firms record this type of transaction in their books and records as a transaction with the OCC. Other firms could record this transaction in their books and records as a transaction with the counter-party broker-dealer. Accordingly, FIF members request written confirmation that a Covered Person is permitted to report the counter-party for this type of transaction based on how the Covered Person records the transaction in its books and records. FIF members further request clarification that a Covered Person lender, if it reports the OCC as its counter-party, would report a borrowerType of Clearing Agency.

F. Resubmission of previously rejected event after intervening accepted event

FIF members request confirmation for the following scenario:

- Day 0: Covered Reporter reports New Loan Event with equityShares = 900; SLATE accepts this submission
- Day 1: Covered Reporter attempts to report Modify Loan Event with equityShares = 800; SLATE rejects this submission
- Day 2: Covered Reporter reports Modify Loan Event with equityShares = 700; SLATE accepts this submission
- Day 3: Covered Reporter reports Modify Loan Event with equityShares = 800 and an eventDateTime for Day 1; this is a resubmission of the Day 1 submission that SLATE rejected; SLATE accepts this resubmission.

FIF members request confirmation that, in this scenario, SLATE would understand that the loaned equity shares as of the end of Day 3 is 700 shares and not 800 shares (given that the Day 3 submission has an eventDateTime for Day 1).

G. securityIdentifier field

The Participant Specifications including the following statement in the description of the securityIdentifier field for the Modify Loan Event and the Correction Event: “System will reject if securityIdentifier is not found.”¹⁶ FIF members request that FINRA clarify that this validation (in relation to these two SLATE events) only applies if a Covered Person attempts to report a value for this field. In other words, if a Covered Reporter does not attempt to report a value for this field (in relation to these two SLATE events), this validation would not apply.

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¹⁴ April 2025 FIF letter, at 28.

¹⁵ Ibid.

¹⁶ Participant Specifications, at 16 and 26-27.

Please contact me at howard.meyerson@fif.com if you would like clarification on any of the points set forth above.

Very truly yours,

/s/ Howard Meyerson

Howard Meyerson
Managing Director, Financial Information Forum