

MEMO# 33699

July 23, 2021

Draft ICI Comment Letter to FINRA on Short Interest Reporting Enhancements - Comments Requested by Friday, July 30

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TO: Equity Markets Advisory Committee RE: Draft ICI Comment Letter to FINRA on Short Interest Reporting Enhancements - Comments Requested by Friday, July 30

Attached for your review is a draft comment letter that ICI plans to file with FINRA on Wednesday, August 4 regarding potential enhancements to its short interest reporting program and a reporting framework for stock lending. We previously provided a summary of FINRA's Regulatory Notice.[\[1\]](#) Please provide any comments in writing to me (nhan.nguyen@ici.org) or Sarah Bessin (sarah.bessin@ici.org) by COB on Friday, July 30.

ICI's draft letter

- expresses general support for FINRA's short interest reporting program and public dissemination of aggregate short interest information and emphasizes that any enhancements should balance the utility of additional data with the risks of public dissemination to market quality;
- recommends that FINRA consider a "proprietary" and "customer" category reporting designation instead of an account-level reporting requirement;
- requests clarity on "other strategies" that would qualify as "synthetic short" positions to be reported in short interest and strongly recommends that FINRA not require separate reporting of synthetic vs. non-synthetic positions;
- suggests that FINRA consider increasing short interest reporting and dissemination from a bi-weekly to a weekly basis, rather than a daily basis; and
- urges FINRA to consider fully the information that registered funds and other market participants currently report about stock lending before determining the need for a new stock lending reporting framework.

Please contact me if you have any questions.

Nhan Nguyen
Assistant General Counsel, Securities Regulation

endnotes

[1] ICI Memorandum No. 33597 (June 21, 2021), available at <https://www.ici.org/memo33597>.

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