

# SEC Rule 10c-1a: Reporting of Securities Loans

## Regulation Overview and Reportable Terms

### Regulation Overview

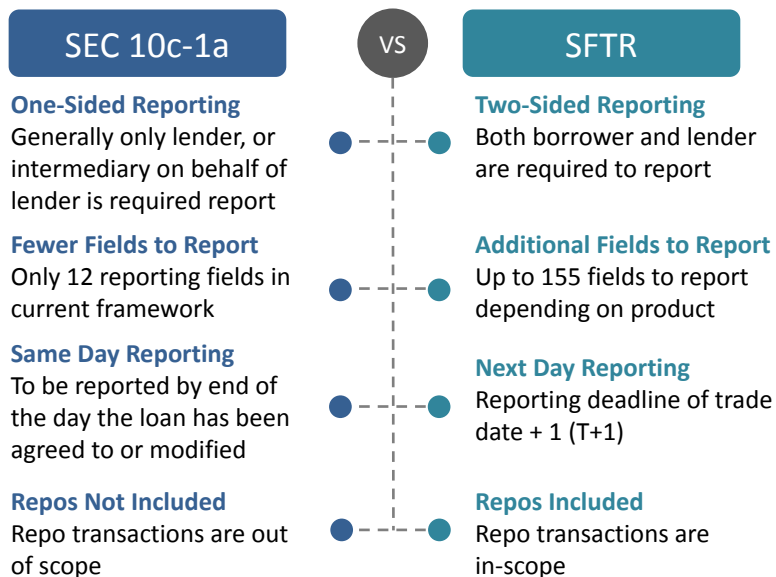
SEC Rule 10c-1a requires that any “covered person” who agrees to a “covered securities loan” on behalf of itself or another person shall:

- (1) Report to a registered national securities association (i.e., FINRA) the material terms of those securities lending transactions, or
- (2) Delegate its reporting obligation to a reporting agent.

SEC’s intent of these reporting requirements is to serve the dual purpose of increasing transparency and efficiency in the securities lending market to improve price discovery, and aid regulators’ oversight by providing enhanced and comprehensive data to the SEC and FINRA.

### Differences Between SEC 10c-1a and ESMA/FCA SFTR

SEC Rule 10c-1a is effectively the U.S. version of ESMA & FCA’s Securities Financing Transactions Regulation (SFTR). Though there are several differences between the regulations to note:



### Data Elements to Report

A “covered person” shall report the following information for each covered securities loan by the end of day on which it is agreed to:

The terms to be provided to FINRA, which the would be made public:	
1	Legal name of the security issuer, and the LEI of the issuer, if the issuer has an active LEI;
2	Ticker symbol, ISIN, CUSIP, or FIGI, or other security identifier
3	Time and date the loan was agreed to by the parties
4	Name of the platform or venue, if one is used
5	Amount, such as size or volume or both, of securities loaned
6	Rates, fees, charges and rebates for the loan, as applicable
7	Type of collateral provided for the loan and the percentage of collateral to value of loaned securities
8	Termination date of the loan, if applicable
9	Borrower type, e.g. broker, dealer, customer, clearing agency, bank, custodian, or other person.
Loan terms to be provided to FINRA but would not be made public:	
10	The legal names as well as CRD or IARD number, MPID, and LEI of the parties to the loan, as applicable
11	When the lender is a broker-dealer, whether the security loaned to its customer is loaned from the broker-dealer’s inventory
12	Whether the loan will be used to close out a fail to deliver pursuant to or outside of Rule 204 of Regulation SHO

In addition, if a covered securities loan is modified the “covered person” shall report by the end of day of the date it was modified:

- ① The time and date of the modification
- ② The data element being modified and updated value
- ③ FINRA assigned unique identifier to the original loan

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## Securities Lending Requirements and Regulation Timelines

### In-Scope Reportable Securities and Reporting Persons

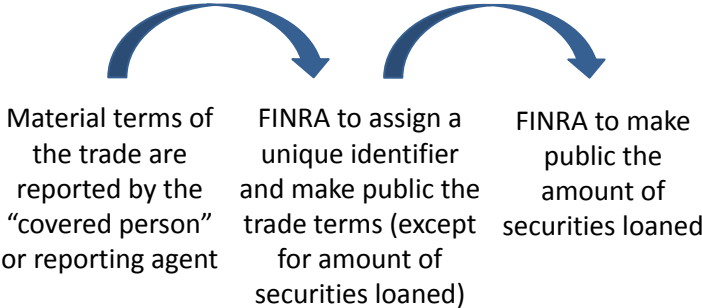
A “covered securities loan” is a transaction in which any person, on behalf of itself or one or more other persons, lends a reportable security to another person. There are 2 exclusions to this definition:

- ① Positions at a registered clearing agency that result from CCP services or central depository services;
- ② The use of margin securities by a broker or dealer unless such broker or dealer lends such securities to another person.

“Covered persons” are required to report the material terms of the securities lending transaction to FINRA. “Covered person” means:

- ① Any person that agrees to a covered securities loan on behalf of a lender (“intermediary”) other than a clearing agency when providing only the functions of a CCP or a central securities depository,
- ② Any person that agrees to a covered securities loan as a lender when an intermediary is not used, or
- ③ The broker or dealer when borrowing fully paid or excess margin securities.

### Timelines That Reported Information is Made Public



<b>Deadline</b>	<b>End of day trade is agreed to</b>	<b>Morning of next business day</b>	<b>20 business days later</b>
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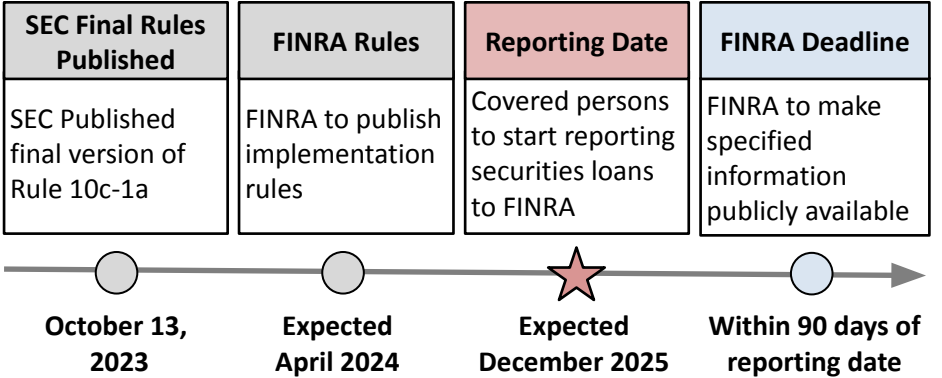
### Reporting Agent Requirements

A “covered person” can delegate its reporting obligation to a reporting agent by entering into a written agreement with them. This reporting agent shall:

- Provide the material terms of the transactions of the “covered person” in the format, manner, and time periods required by FINRA’s rules,
- Establish, maintain, and enforce written policies and procedures that are reasonably designed to comply with SEC 10c-1a rules
- Enter into a written agreement with FINRA that permits the reporting agent to report on behalf of the covered person
- Provide FINRA with a list naming each covered person on whose behalf the reporting agent is acting as a delegated reporter, and if there are updates to this list it shall be provided to FINRA before end of day of the list change
- Store for at least 3 years (first 2 in an easily accessible place) the rule 10c-1a information obtained from the covered person and any written agreements.

### SEC 10c-1a Regulation Timelines

“Covered persons” will be required to report the information required by the rule 26 months after the rule is published in the Federal Register.



# SEC Rule 10c-1a

## Botsford Team Contacts



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