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*Via Electronic Submission*

Christopher Kirkpatrick  
Secretary  
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Three Lafayette Centre, 1155 21<sup>st</sup> Street, NW  
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Vanessa A Countryman  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

Re: Proposal to amend Form PF, the confidential reporting form for certain SEC-registered investment advisors to private funds, including those that are also registered with the CFTC as a commodity pool operator (CPO) or commodity trading advisor (CTA). File No. S-7-22-22.

Dear Secretaries:

CUSIP Global Services<sup>1</sup>(CGS) welcomes the opportunity to comment on the Commissions' joint proposal to amend Form PF. The stated policy goals of the amendments are to: enhance the FSOC's monitoring and assessment of systemic risk and to provide additional information for use in determining whether and how to deploy its regulatory tools; to facilitate the collection of additional data for use in the Commissions' regulatory programs; and to improve the usefulness of the data.

## **Background**

CGS comments as operator of the CUSIP system on behalf of the American Bankers Association (ABA) and under contract by FactSet Research Systems Inc. with the ABA. In 1964, as a response to the securities settlement "paper crunch," the NY Clearing House Association approached the ABA to develop a more efficient system for the trading, clearing, and settlement of securities. Thus was the Committee on Uniform Security

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<sup>1</sup> The financial services industry relies on CGS' unrivaled experience in uniquely identifying instruments and entities to support efficient global capital markets. Its extensive focus on standardization over the past 50 years has helped CGS earn its reputation as a trusted originator of quality identifiers and descriptive data, ensuring that essential front- and back-office functions run smoothly. CGS is managed on behalf of the American Bankers Association (ABA) by FactSet Research Systems Inc., with a Board of Trustees that represents the voices of leading financial institutions. For more information, visit [www.cusip.com](http://www.cusip.com)

Identification Procedures – CUSIP – born, with the first directory being published in 1968<sup>2</sup>. In the ensuing decades, in parallel with widespread adoption and implementation by market participants, an increasing number of clearing corporations, regulators, and market authorities came to recognize the value and reliability of the CUSIP system. Under the direction and guidance of a cross-industry senior group of experts, the CUSIP Board of Trustees, this led to an ever-expanding universe of asset classes and geographies supported by CGS identifiers: municipal bonds, commercial paper, US treasury bonds, mortgage-backed securities, and bankers acceptances to name just a few. As CUSIP has been widely embraced for over 50 years, CGS has a storied history of stepping up to help market authorities and law enforcement address the exact types of situations referenced in this rule proposal, including fraud and market manipulation/deception.

#### Question 40

The proposed amendment would add additional information to the current question 40, which focuses on reporting the fund's risk metrics. Specifically, the new question 40 would request details on reference assets to which the reporting fund has gross exposure equal to or exceeding certain thresholds. Among the data items proposed are: the name and LEI of the reference asset issuer; a CUSIP, ISIN, or ticker (if available); and FIGI (optional). The section on *Open and Large Position Reporting* (page 102) further clarifies that “Additionally, advisors may at their option choose to provide the FIGI for the reference asset, but they are not required to do so.”

#### Alternative Identifiers

The FIGI is a product of Bloomberg LP, a prominent market data and media company. While we have no opinion on FIGI's potential inclusion solely at the discretion of the reporting fund adviser, we submit that Question 155 in the proposed rule change is completely at odds with the “Optional” language laid out in detail above. Question 155 is different in both spirit and substance, asking “...should we permit advisers to report FIGI in lieu of CUSIP in Question 40 rather than requiring advisers to report CUSIP?”

“Optional” and “in lieu of” are two entirely different approaches and the language of the proposal is therefore ambiguous, if not confusing, for potential respondents. If the request for comment is for feedback on “in lieu of,” we strongly caution against that approach for the following reasons:

##### 1. Consistency across reporting fund advisers

For decades, many filings to the SEC have keyed off of the aforementioned CUSIP identifier, which has provided reliable, transparent, and consistent reporting to regulators and market participants alike. In the context of Form PF, for example, a reference asset tied to Microsoft's common stock would be reported by *all* fund advisers with CUSIP **594918 10 4**. If two different fund advisers were to report using different identifiers, whether using FIGI or “other unique identifier”, the transparency and consistency sought by the Commission would be lost for all market participants and dramatically hinder regulatory oversight.

##### 2. Fungibility

One of the hallmarks of the CUSIP system is the critical, industry-driven notion of fungibility: simply put, Microsoft Common Stock is the same instrument for the purpose of unique identification *regardless of the venue of execution*. As such, all market participants know that Microsoft, whether as a direct holding or reference asset, should be reported with the CUSIP **594918 10 4**.

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<sup>2</sup> “...The CUSIP system represents the foundation of the program to improve the speed and accuracy in the processing of securities and transactions involving them. We urge you to build upon that foundation as quickly as possible and again congratulate all of the organizations and individuals who participated in the development of the CUSIP system for their noteworthy achievement.” – SEC Chairman Hamer Budge, June 20<sup>th</sup> 1969

With the FIGI, a different method is employed: there are multiple identifiers for the same common stock *depending on the US Exchange where the shares are purchased*. The multitude of FIGIs for Microsoft Common Stock, for example, include:

**BBG000BPH9J3**  
**BBG000BPH459**  
**BBG000BPH6D5**  
**BBG000BPH654**  
**BBG000BPH958**  
**BBG000BPHG07**  
**BBG000BPHD40**  
**BBG000BPH583**  
**BBG000BPH8J5**  
**BBG000BPH4R5**

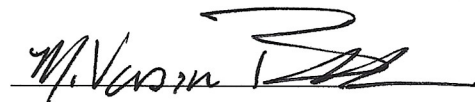
Therefore, if two private fund managers had reportable holdings with Microsoft as the reference asset, one with shares from the NASDAQ main market and another with shares from the NASDAQ PHLX (Philadelphia) market, the funds' advisers could file respective Forms PF with different identifiers *even while using the same identification schema*. Reporting in such a manner would be confusing for market participants and undercut the Commissions' stated goals: to enhance the monitoring of systemic risk, to improve the collection of additional data, and to increase the usefulness of the data. Data that can't be aggregated or cross referenced for these purposes across reporting fund advisers will be less useful.

The multiplicity of identifiers is a deliberate feature of the FIGI system and would likely lead to inefficiency and errors in the reporting and monitoring of reportable fund holdings, thus undermining the very purpose of the proposal.

### **Summary**

The use of CUSIP in a wide range of regulatory reports and filings has served the Commission and the investor community well for decades, providing unquestionable consistency and transparency. Indeed, the universal acceptance of the CUSIP system and the value it provides is well established, and CGS works tirelessly with market participants to continuously address their evolving needs. As laid out above, the absence of fungibility in the FIGI schema, a feature of its design, could be a significant drawback when it comes to regulatory reporting. Whatever information the Commission decides to include in a new Form PF, both the fungibility of identifiers and the consistency of the information provided should be driving considerations.

Respectfully,



On behalf of CUSIP Global Services