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November 9, 2026

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: File No. SR-FINRA-2026-019 – Proposed Rule Change to Amend FINRA Rule 4522 (Periodic Security Counts, Verifications and Comparisons) to Simplify Position Statement and Reconciliation Requirements for Certain Alternative Investments

Dear Ms. Countryman:

The Financial Industry Regulatory Authority, Inc. ("FINRA") submits this letter in response to comments received by the Securities and Exchange Commission ("SEC" or "Commission") on the above-referenced proposed rule change.[1] The Proposal would amend paragraph (b)(1) under FINRA Rule 4522 to except certain alternative investments from the requirement on members that are subject to the rule to receive position statements no less than once per month and to perform the specified reconciliations, as set forth in further detail in the rule.[2]

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1 See Securities Exchange Act Release No. 106269 (September 3, 2026), 91 FR 57402 (September 9, 2026) (Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 4522 (Periodic Security Counts, Verifications and Comparisons) to Simplify Position Statement and Reconciliation Requirements for Certain Alternative Investments; File No. SR-FINRA-2026-019) (the "Proposal").

2 Specifically, the exception would apply to uncertificated investments in unregistered investment funds, where ownership by the member or its customers of such investments is directly recorded on the issuer's ownership registry maintained by the issuer or its agent or, if no such registry exists, is directly recognized by the issuer. In the Proposal, FINRA noted that the proposed exception does not affect the applicability of Securities Exchange Act ("SEA") Rule 17a-13, in particular the requirement to conduct at least quarterly the specified securities counts and verifications pursuant to that rule. In that regard, the Proposal would amend paragraph (b)(1) under Rule 4522 to clarify that the specified reconciliations must

The Commission published the Proposal for public comment in the Federal Register on September 9, 2026,[3] and received one comment, from the Securities Industry and Financial Markets Association ("SIFMA"), which expressed support for the Proposal.[4] This letter responds to SIFMA's comment and urges the Commission to approve the proposed rule change.

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SIFMA requested clarification or guidance on a few points, which FINRA addresses as follows:

- SIFMA expressed concern that not all issuers or fund administrators perform true valuations when they furnish position statements and that members lack visibility into an issuer's or administrator's valuation process. SIFMA asked FINRA to confirm that a member may reasonably rely on the issuer's or its agent's statement or representation as to its valuation. FINRA notes this request is outside the scope of the Proposal, as the proposed amendments concern the frequency of reconciliations, not what constitutes an adequate reconciliation.

- SIFMA sought clarification whether the proposed amendments to Rule 4522 are limited to "capital balance funds" as referenced in the Proposal and as defined in the SEC's no-action letter relating to such products (the "No-Action Letter").[5] FINRA confirms, as set forth in the Proposal, that the rule change would reach all

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be conducted at least once per quarter with respect to the uncertificated investments that the Proposal would except from the monthly position statement requirement. See Proposal, 91 FR 57402, 57403.

3 See supra note 1.

4 See Letter to Vanessa Countryman, Secretary, U.S. Securities and Exchange Commission, from Stephen Byron, Managing Director, Head of Operations, Technology, Cyber & BCP, and Anthony Macchiarulo, Vice President, Financial Services Operations and Assistant General Counsel, SIFMA, dated September 30, 2026. Unless noted otherwise, all references to commenters in this letter are to the comments set forth in the SIFMA letter.

5 See Letter regarding Capital Balance Fund Reconciliations from Raymond A. Lombardo, Assistant Director, SEC Division of Trading & Markets, to Mark M. Attar of Stradley Ronon Stevens & Young, LLP and counsel to Raymond James & Associates, Inc., dated January 6, 2026, https://www.sec.gov/files/ tm/no-action/raymond-james-associates-inc-010626.pdf.

uncertificated investments in unregistered investment funds that are within the scope of the proposed rule language,[6] not just capital balance funds.[7]

- Paragraph (b) of Rule 4522 provides in part that each carrying or clearing member subject to SEA Rule 17a-13 "shall make more frequent counts, examinations, verifications, comparisons and entries where prudent business practice would so require." SIFMA requested clarification that this would continue to apply to uncertificated investments that would be within the scope of the proposed exception from the once-per-month cadence for position statements. FINRA confirms, as stated in the Proposal, that this requirement would continue to apply to investments excepted from FINRA Rule 4522(b)(1) by the proposed amendments.[8] In that regard, FINRA further noted in the Proposal that members should have policies and procedures in place to ensure compliance with the requirement.[9]

- SIFMA suggested that fund administrators frequently operate on their own reporting timelines that are outside the member's control, and that members should be able to reasonably rely on the reporting schedule committed to by an issuer or its agent. FINRA notes Rule 4522(b)(1) goes to the member's obligations as to reconciliations, not the reporting schedules of issuers or their agents and as such does not prevent a member from placing reliance on such schedules. At the same time, however, members are reminded they would need to comply with the reconciliation cadence and related requirements set forth in the proposed rule, including the requirement under Rule 4522(a)[10] to comply with SEA Rule 17a-13 (and, as applicable, the conditions of the No-Action Letter).

- SIFMA suggested further engagement on issues related to alternative investments and any challenges that such products may pose. FINRA continues to engage with

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6 See supra note 2.

7 See Proposal, 91 FR 57402, 57403 through 57404.

8 See Proposal, 91 FR 57402, 57403 note 10.

9 Id.

10 Rule 4522(a) states: "Each member that is subject to the requirements of SEA Rule 17a-13 shall make the counts, examinations, verifications, comparisons and entries set forth in SEA Rule 17a-13."

members as part of FINRA's rule modernization,[11] and welcomes further engagement on these subject matters.

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FINRA believes that the foregoing responds to the material issues raised by the commenters to the rule filing and, with this letter, urges the Commission to approve the proposed rule change. If you have any questions, please contact me at (202) 728-6961, email: adam.arkel@finra.org.

Best regards,

/s/

Adam Arkel
Associate General Counsel
Office of General Counsel

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[11] See Proposal, 91 FR 57402, 57403; see also Regulatory Notice 25-04 (March 2025) (FINRA Launches Broad Review to Modernize Rules Regarding Member Firms and Associated Persons).