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Re: Regulatory Notice 21-19 Short Interest Position Reporting Enhancements and Other Changes Related to Short Sale Reporting

IHS Markit (NYSE: INFO) is pleased to have the opportunity to comment on the request for comment regarding Short Interest Position Reporting Enhancements and Other Changes Related to Short Sale Reporting (“RFC”).<sup>1</sup> IHS Markit is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide.<sup>2</sup> The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. Headquartered in the UK with offices throughout the EU, US and Asia, IHS Markit has more than 50,000 key business and government customers, including 80 percent of the Fortune Global 500 and the world’s leading financial institutions. IHS Markit and its subsidiaries employ approximately 15,000 employees in 38 countries, including over 5,300 employees in the United States with offices in 49 states and the District of Columbia.

IHS Markit Securities Finance provides data and insights to global stakeholders in the securities finance value chain.<sup>3</sup> The dataset is constructed using voluntary data contributions on the part of beneficial owners, agent lenders, prime brokers and hedge funds. The dataset contains more than \$30 trillion of assets in lending programs, including the assets of pension funds, asset managers, insurance companies, sovereign wealth funds, and central banks. The data is either contributed directly or acquired via a lending agent. Prime brokers report on loan transactions either as the other side of loans from beneficial owners or inter-broker loans. Hedge funds report borrowing from prime brokers. The dataset provides beneficial owners and their agents with insight regarding relative risk and performance for lending programs. For traders across the securities finance value chain the dataset provides insight to lending rates and utilization of lendable assets. For the asset managers the dataset is also used as an alpha signal alongside other indications of short interest.

IHS Markit currently collects and publishes a global dataset of securities financing transactions. Borrowing of securities often but not always a reflection of short positioning, so we have built an institutional knowledge base of analyzing securities

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<sup>1</sup> FINRA, Regulatory Notice 21-19 Short Interest Position Reporting Enhancements and Other Changes Related to Short Sale Reporting, June 4, 2021, <https://www.finra.org/rules-guidance/notices/21-19>.

<sup>2</sup> IHS Markit, <http://www.ihsmarkit.com/>

<sup>3</sup> <https://ihsmarkit.com/products/securities-finance.html>.

finance data alongside the short interest data published under current Financial Industry Regulatory Authority (“FINRA”) rules to help our clients interpret trends and make trading decisions in real time. We built a regulatory reporting tool for clients subject to the European Union’s Securities Finance Transactions Regulation (“SFTR”) reporting obligations. The SFTR reporting tool leverages our securities finance knowledge along with IHS Markit’s regulatory reporting expertise and with partner firm Pirum. Based on these experience we believe we have helpful insights when gauging the difficulty of complying with new FINRA (or Securities Exchange Commission (“SEC”)) reporting requirements.

## I. Comments

To the extent FINRA creates additional reporting requirements which might be aided by a vendor solution, we can opine on the implementation and ongoing cost of a solution. In general, vendors like IHS Markit can reduce the cost of complying with new requirements by spreading the compliance costs across multiple customers and leveraging existing connectivity with FINRA members subject to the new requirements.

Below please find our comments to specific items from the RFC:

*FINRA requests comment on whether FINRA should publish on the FINRA website short interest data for all equity securities (listed and unlisted).*

IHS Markit Securities Finance ingests short interest data for republication on our platform via the exchanges. If all short interest data were provided on the FINRA website for listed equities that would lower our operational costs, as well as others.

*Do commenters agree that including TSO and public float information in disseminated short interest data would be useful to investors and other market participants? Why or why not?*

Having a “golden source” for public float would have a value to investors and other market participants. There is often debate around the float as it relates to short interest and potential for methodology differences between vendors. The ability to ingest this data along with all short interest data from FINRA would lower operational costs and increase transparency for investors. The use of short interest as a percentage of public float has increased over the last year in the public dialogue in the media and on message boards, so the value of this transparency has increased.

*Frequency and Timing of Short Interest Position Reporting and Data Dissemination As discussed above, FINRA is considering changes that would provide FINRA, other regulators, investors, and other market participants with more timely access to short interest data. Specifically, FINRA is considering reducing firm reporting and processing times from the current twice a month and two-day timeframes, respectively.*

IHS Markit Securities Finance ingests short interest data for republication on our platform via the exchanges, with the end goal of providing transparency into short interest dynamics for our clients, to assist them in navigating the market. More timely

reporting of short interest positions would be taken as an augmentation to the transparency and prove beneficial for investors. That being said, we do appreciate that overly frequent short interest reporting, may be operationally burdensome for FINRA members.

IHS Markit appreciates the opportunity to provide these comments to FINRA. We would be happy to elaborate on or further discuss any of the points addressed above. If you have any questions, please do not hesitate to reach out.

Kind regards

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