

January 18, 2022



A SHANK WILLIAMS CISNEROS COMPANY

Jennifer Piorko Mitchell  
Office of the Corporate Secretary  
FINRA  
1735 K Street, NW  
Washington, DC 20006-1506

100 Wall Street, 18th Floor  
New York, New York 10005  
(646) 775-4850

Dear Ms. Mitchell,

Siebert Williams Shank & Co., LLC ("SWS") is pleased to offer comments on FINRA Regulatory Notice 21-00, "FINRA Requests Comment on Amendments to Rule 11880 Shortening the Settlement of Syndicate Accounts" (the "Notice"). As a FINRA-registered broker-dealer that frequently participates as comanager on corporate bond underwritings, we fully support the proposal in the Notice to shorten the deadline in FINRA Uniform Practice Code Rule 11880 for syndicate managers to settle syndicate accounts and pay revenue to comanagers. SWS is a women- and minority-owned firm and feels strongly that the proposed change will help put minority-, women- and veteran-owned broker-dealers ("MWVBDs")—which tend to be smaller firms—on a more level playing field, benefitting both the securities industry and investors.

As a comanager in corporate bond underwriting syndicates, SWS's role is to share with other syndicate members the risks associated with the underwriting and the responsibility for distributing bonds to investors. Under current Rule 11880, once a corporate bond transaction settles, comanagers must wait up to 90 days to receive funds we earned from the underwriting. Under the SEC Net Capital Rule, we cannot count the receivable we are owed from the senior manager towards our regulatory capital, which limits our ability to conduct business, including both more new-issue underwritings and secondary market trading. We also lose the "float" on these funds for as long as they sit with the syndicate manager, and we face the risk that the senior manager could become insolvent before it pays out deal revenue to comanagers. The 90-day period currently permitted under Rule 11880 hurts MWVBDs because they frequently serve as co-managers and, thus, often have significant syndicate receivables. Accordingly, the proposed amendment would help to promote diversity and inclusion in the broker-dealer industry.

The 90-day standard in Rule 11880 has been on the books since 1987. Since that time we have seen the emergence of many new technologies that have made the process of settling syndicate accounts much cheaper and faster. Yet the 90-day deadline has not been addressed in 35 years. There is no doubt that syndicate managers have the ability to settle accounts within 30 days, as the Notice proposes. That is the standard that has prevailed in the municipal securities market since 2009.

The time has come to modernize Rule 11880. We support the Notice's proposal to shorten the syndicate settlement deadline to 30 days and we urge FINRA to adopt the proposal expeditiously.

Yours sincerely,

A handwritten signature in black ink that reads "Suzanne Shank".  
Suzanne Shank  
President & CEO