

June 22, 2010

Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: Large Trader Reporting System, File Number S7-10-10, 75 Federal Register 21456 (April 23, 2010).

Dear Ms. Murphy:

The American Bankers Association (ABA) appreciates the opportunity to provide comments on the Securities and Exchange Commission's (Commission) proposed new Rule 13h-1 and Form 13H to establish a large trader reporting system. The proposal would require a "large trader" to identify themselves and to make certain disclosures to the Commission on proposed Form 13H. Upon completion of the form, the large trader will receive a Large Trader Identification Number (LTID number) which must be provided to any registered broker-dealer the large trader uses. Registered broker-dealers would be required to maintain transaction records for each large trader, and would be required to report that information to the Commission upon request. The proposed large trader reporting system is designed to facilitate the Commission's ability to assess the impact of large trader activity on the securities markets, as well as to reconstruct trading activity following periods of unusual market volatility, and to analyze significant market events for regulatory purposes.

In the proposal, "large trader" is defined as a person who, in exercising investment discretion, effects transactions in NMS securities in an amount equal to or greater than (1) during a calendar day, either two million shares or shares with a fair market value of \$20 million; or (2) during a calendar month, either 20 million shares or shares with a fair market value of \$200 million. ABA represents banks of all sizes and charters and is the voice for the nation's \$13 trillion banking industry and its two million employees. The proposal is of interest to those of our members who exercise investment discretion and effect transactions on behalf of accounts that in aggregate meet the identifying activity level threshold.

The Commission's focus on a large trader reporting has a long history, dating back to the late 1980s and early 1990s and ABA has twice submitted comments to the Commission on proposals for large trader reporting in 1991 and 1994. We are pleased that the Commission has addressed some of the issues we raised in our earlier comment letters. Specifically, we previously had raised concerns about the inclusion of custodial accounts in any large trading reporting regime and the Commission, in its most recent proposal, has determined to focus only on those large traders that exercise investment discretion.

While we have identified some concerns with the proposal, which we express below, we are concerned that given the regulatory restructuring efforts in Congress, our members were unable to give the proposal the proper attention that is needed. We hope the SEC will consider any issues that we may subsequently bring to its attention.

### **Regulatory Burden**

Primarily, we are concerned about the regulatory burdens associated with this proposal. Each year, commercial banks are being increasingly burdened with new regulations and reporting obligations, which are imposed by various regulators without consideration of their cumulative burden. In a letter submitted to Treasury Secretary Timothy Geithner, ABA President and Chief Executive Officer Edward L. Yingling listed fifty new or expanded regulations imposed over just the last two years (list is attached to letter). These regulations cause significant burden for banks and their employees and this proposal is yet another significant burden for banking institutions. The institutions potentially affected would need to implement systems to track their daily and monthly trading activities to determine whether the institution meets the “identifying level” of trading required to self-identify to the Commission. While some institutions will regularly cross over these threshold amounts, other institutions may only reach these thresholds on a rare occasion due to a particularly active month, or even a particularly active day.

In particular, Item 6 imposes burdensome information collection requirements. It requires a large trader to list all brokerage accounts, including account numbers and names, over which it exercises investment discretion. We believe this requirement is unduly burdensome, because it may require the reporting of potentially thousands of brokerage accounts. In addition, this list must be revised quarterly to account for any changes to these accounts.

Given these burdens, we urge the Commission to modify the proposal to require institutions to maintain, rather than submit, the requested brokerage account information which could then be made available upon request by the Commission.

Lastly, Item 2 to the Form 13H requires information that the Commission already has available to it through a simple computer cross-reference. Another item on the form - Item 4 - includes information that is available with the entities’ primary regulator (e.g., the federal banking regulators). While we believe the information is unnecessary to meet the proposal’s underlying purpose, should the Commission believe this information is important they should seek this information from the federal banking regulators.

### **Clarification on the Definition of “Account”**

We would also seek clarification regarding the term “account”. We assume that the term “account” in the proposed regulation only refers to those brokerage accounts through which the large trader with investment discretion effects transactions. However, because there may be some confusion by potential large traders as to its meaning, we request that the Commission clearly state in the proposed regulation and proposed Form 13H that it is not seeking underlying client account information.

Should you have any question or comments with respect to the issues raised in this letter, please contact the undersigned at (202) 663-5479.

Sincerely,

A handwritten signature in black ink that reads "Lisa J. Bleier". The signature is written in a cursive style with a large, prominent "L" and "B".

Lisa Bleier