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## **SEC Adopts Share Lending Disclosure Rules: Paul, Weiss**

The SEC has adopted new [Rule 10c-1a](#), which will require disclosure to a registered national securities association (“RNSA”)[1] of specified details regarding securities loans on a same day basis. The RNSA will then publish certain information regarding such loans. Rule 10c-1a will become effective 60 days after its publication in the Federal Register, and disclosure will be required on the first business day 24 months after Rule 10c-1a becomes effective.

### **Who will be required to disclose share lending activity?**

Under new Rule 10c-1a, securities loan intermediaries, or, where there are none, lenders themselves, and brokers and dealers where borrowing fully paid or excess margin securities, must disclose any loan of “reportable securities.” “Reportable securities” are defined as any security or class of an issuer’s securities for which information is reported or required to be reported to the consolidated audit trail pursuant to the CAT NMS Plan, the Financial Industry Regulatory Authority’s Trade Reporting and Compliance Engine or the Municipal Securities Rulemaking Board’s Real-Time Transaction Reporting System (or any reporting system that replaces one of these systems). The disclosure requirements do not attach to the use of margin securities by a broker or dealer unless the broker or dealer lends such margin securities to another person.

There are no reporting thresholds – all loans will trigger the disclosure requirement.

### **What information must be provided?**

The following information must be disclosed, and will, as noted below, be mostly subject to publication by the RNSA:

Modifications to any of these terms will also need to be communicated on a same day basis.

### **When must the information be reported?**

Loan participants must provide this information on a same day basis to the RNSA. The RNSA must publicize the required information (see above) by morning of the following business day, except for the amount of the loan, which must be publicized by the 20th business day. The RNSA must also publicize aggregate transaction activity and distribution of loan rates for those securities it determines appropriate.

### **When will these disclosure requirements become effective?**

Rule 10c-1a will become effective 60 days after the release is published in the Federal Register. Rules to implement Rule 10c-1a must be proposed by the RNSA within four months of the effective date of Rule 10c-1a and must become effective no later than 12 months after the effective date of Rule 10c-1a. Disclosure will be required starting on the first business day 24 months after the effective date of Rule 10c-1a (the “reporting date”); and the RNSA must make specified information publicly available within 90 calendar days of the reporting date.

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