

May 18, 2026

Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File no. S7-2026-08 – Proposed Rule: Publication or Submission of Quotations Without Specified Information, SEC Release No. 34-105004 (Mar. 16, 2026)

Ladies and Gentlemen:

The Structured Finance Association (the “SFA”) appreciates the opportunity to provide feedback on the proposed rule published by the Securities and Exchange Commission (the “SEC”).¹

The SFA’s mission is: *“To help its members and public policy makers grow credit availability and the real economy in a responsible manner.”*

The SFA is a consensus-driven trade association with over 370 institutional members representing the entire value chain of the securitization market. By facilitating the responsible issuance of and investment in loans and securities, our members help to foster a market that provides trillions of dollars of capital to consumers and businesses in communities across the country. SFA members include issuers, investors, broker-dealers, rating agencies, data analytic firms, law firms, servicers, trustees and accounting firms. As such, unlike many other trade associations, before we take any advocacy position our governance requires us to achieve consensus by agreement rather than majority vote, ensuring the perspectives of all our diverse membership are included. This diversity is our strength, as it builds healthy tension in arriving at our consensus position. Because of this, we are methodical and thoughtful as we analyze the pros and cons of regulatory proposals before we reach a mutually acceptable position.

Securitization provides families, individuals, and businesses with access to credit at a price that is lower than what would otherwise be available. The industry funds sixty percent of borrowing for housing, twenty-five percent of borrowing for commercial real estate, fifteen percent of auto loans, and seven percent of credit card and student-loan debt. Asset-backed securities (“ABS”) are issued in both the registered and unregistered markets. A robust registered ABS market offers benefits such as increased transparency and protection, greater liquidity, and potentially lower costs of capital.

The SFA supports the SEC’s efforts to amend Rule 15c2-11 to limit its application to equity securities, which is consistent with the long-held industry understanding that Rule 15c2-11 was never intended to

¹ See *Publication or Submission of Quotations Without Specified Information*, Release No. 34-105004 (Mar. 16, 2026) [91 FR 13243 (Mar. 19, 2026)] (the “Proposed Rule”).

apply to fixed-income securities. We believe that these efforts keep true to the SEC’s mission of protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation.

Background

As the Commission is aware, Rule 15c2-11 was originally promulgated and amended over time to protect retail investors from fraud and manipulation in the over-the-counter market for equity securities. The focus on equity securities is appropriate as the Commission has stated that “fraud and manipulation in microcap securities has not been evident in the fixed-income market.”² Following signaling that Rule 15c2-11 may apply to fixed-income securities, the Commission and staff worked diligently to provide exemptive relief to certain categories of fixed-income securities, including ABS,³ in response to industry concern that an application of the rule to fixed-income securities would not only be detrimental to fixed-income markets but also wholly inconsistent with the purpose and historical application and interpretation of the rule.

We appreciate the SEC’s current efforts to exclude fixed-income securities from the scope of Rule 15c2-11 by expressly limiting its application to equity securities. However, we are seriously concerned that, without adopting additional specificity regarding the definition of “equity security” that is utilized for purposes of Rule 15c2-11, the SEC may nevertheless continue to foster a level of uncertainty regarding the application of the rule that harms market participants and, ultimately in the case of ABS, homebuyers and consumers. As Commissioner Peirce noted in her statement in connection with the Proposed Rule, prior SEC actions in connection with Rule 15c2-11 “fostered uncertainty in this market and wasted the resources of the industry, and [SEC] staff, for multiple years and for no good reason.”⁴ Our comments to the Proposed Rule, discussed in detail below, are designed to eliminate any remaining uncertainty of the application of Rule 15c2-11 to ABS.

Definition of Equity Security

The Proposed Rule would amend Rule 15c2-11 to replace the terms “security” and “securities” with the terms “equity security” or “equity securities.” Under the proposal, “equity security” (or “equity securities”) would be as defined in 17 CFR 240.3a11-1 (“Rule 3a11-1”). Rule 3a11-1 defines an “equity security” as follows:

The term equity security is hereby defined to include any stock or similar security, certificate of interest or participation in any profit sharing agreement, preorganization certificate or subscription, transferable share, voting trust certificate or certificate of deposit for an equity security, limited partnership interest, interest in a joint venture, or certificate of interest in a

² See Proposed Rule at 13246 and related footnote.

³ See Order Granting Broker-Dealers Exemptive Relief, Pursuant to Section 36(a) and Rule 15c2-11(g) under the Securities Exchange Act of 1934, from Rule 15c2-11 for Fixed-Income Securities Sold in Compliance with the Safe Harbor of Rule 144A under the Securities Act of 1933, Exchange Act Release No. 98819 (Oct. 30, 2023) [88 FR 75343 (Nov. 2, 2023)] (the “Commission Exemptive Order”); Letter from Josephine J. Tao, Assistant Director, Division of Trading and Markets, SEC, to Racquel Russell, Senior Vice President and Director of Capital Markets Policy, Office of the General Counsel, Financial Industry Regulatory Authority, Inc. (Nov. 22, 2024).

⁴ Commissioner Hester M. Peirce, Traveling Back From the Road Wrongly Taken: Statement on the Proposed Amendments to Exchange Act Rule 15c2-11 (Mar. 16, 2026).

business trust; any security future on any such security; or any security convertible, with or without consideration into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right; or any put, call, straddle, or other option or privilege of buying such a security from or selling such a security to another without being bound to do so.

Rule 3a11-1 was originally promulgated in 1965 and is used for purposes of section 12(g), which only applies to equity securities. As explained by the SEC in the Proposing Release “[Rule 15c2-11] paragraph (b) information is more likely to be readily available to brokers and dealers with respect to equity securities than it is for non-equity securities, given the affirmative registration requirements imposed on certain issuers of equity securities, but not non-equity securities, by section 12(g).”⁵ Section 12(g)(1) of the Exchange Act and 17 CFR 240.12g-1 (“Rule 12g-1”) promulgated thereunder generally require an issuer to register a class of equity securities if the issuer of the securities, at the end of its fiscal year, has more than \$10,000,000 in total assets and a class of equity securities held of record by either 2,000 persons or 500 persons who are not accredited investors.

Section 12(g)(1) and Rule 12g-1 have never been understood to apply to ABS as ABS are fixed-income securities sold predominately to institutional investors.⁶ Given that the purpose of Rule 3a11-1 is to define what is an “equity security” for Exchange Act requirements that do not apply to any fixed-income security, and that Rule 3a11-1 predates the development of ABS products and any of the related definitions of ABS that are used in other SEC rules, we are of the view that there is no basis to construe Rule 3a11-1 to apply to any type of ABS fixed-income product, regardless of its form.

However, we are concerned that certain of the vague and undefined terminology used in the Rule 3a11-1 definition creates unnecessary ambiguity as to whether certain types of ABS fixed-income securities, such as those documented in the form of trust certificates, could be construed as being subject to the Proposed Rule. For example, the SEC offers no guidance in the Proposed Rule as to how to appropriately interpret what constitutes a “certificate of interest or participation in any profit sharing arrangement” or a “certificate of interest in a business trust”. We do not believe that is the intent of the Proposed Rule for such vague terminology to capture any form of ABS interest; however, the lack of specificity will lead to confusion and uncertainty. Therefore, as discussed below, we request that the SEC adopt an explicit exclusion from the definition of “equity security” for fixed-income securities, including ABS, to resolve any such unnecessary ambiguity.

We also note that adopting a specific exclusion would be broadly consistent with the approach taken in prior rulemakings as well as the Commission Exemptive Order. For example, Regulation S utilizes the definition of “equity security” from Rule 405 of the Securities Act, which is substantially the same definition as that used for purposes of Rule 3a11-1.⁷ Rule 902 of Regulation S defines the “debt securities” of an issuer to mean “any security other an equity security as defined in [Rule 405]” as well as, among

⁵ See Proposed Rule at 13247.

⁶ As the SEC has stated before: “The predominant purchasers of asset-backed securities today are institutional investors, including financial institutions, pension funds, insurance companies and money managers. Generally, ABS are not marketed to retail investors.” See Asset-Backed Securities, Release Nos. 33–8419; 34–49644 (May 3, 2004); [69 FR 26650, 26654] (May 13, 2004) (“Reg AB Proposing Release”).

⁷ See 17 CFR 230.405.

other assets, “asset-backed securities.”⁸ Rule 144, which also utilizes the Rule 405 definition of an “equity security”, similarly defines “debt securities” to specifically include “asset-backed securities”.⁹ Therefore, to be consistent with prior rulemakings that utilize the same substantive formulation of what is an “equity security”, the SEC should adopt a specific exclusion for fixed-income securities, including ABS, for purposes of Rule 15c2-11. This would also be consistent with the Commission Exemptive Order, which specially references an “asset-backed security” for purposes of defining what is a “fixed-income security.”¹⁰

Explicitly excluding ABS from the rule would also be consistent with the fact that the financial information requirements of Rule 15c2-11, such as a balance sheet and retained earnings, are not material to ABS investors. In fact, the SEC has stated, with respect to ABS, that “financial information about the issuing entity generally does not provide useful information to investors.”¹¹ Therefore, there is no legitimate policy goal to achieve by not adopting an explicit exclusion for fixed-income securities, including ABS, from the requirements of Rule 15c2-11.

Exception for Fixed-Income Securities, including ABS

In order to achieve the goal of providing maximum clarity to market participants that Rule 15c2-11 does not apply to fixed-income securities, including ABS, we recommend that the SEC:

- Define an “equity security” to expressly exclude any “fixed-income security”.
- Add the following as a new defined term to 17 CFR 240.15c2-11(e):
 - “***Fixed-income security*** shall mean any:
 - (i) Asset-backed security, as defined in § 230.192(c) of this chapter;¹² or
 - (ii) Security that entitles the holder to receive:
 - (A) A stated principal amount; or
 - (B) Interest on a principal amount (which may be a notional principal amount) calculated by reference to a fixed rate or to a standard or formula;¹³ or

⁸ 17 CFR 230.902(a)(2).

⁹ See 17 CFR 230.144(a)(4).

¹⁰ See Commission Exemptive Order at footnote 3.

¹¹ See Reg AB Proposing Release at 26654.

¹² For purposes of Rule 15c2-11, the Commission should expressly confirm that ABS pass-through certificates and residual tranches of ABS will not be treated as “equity securities”. These types of ABS interests bear no resemblance to traditional equity securities as investors in such ABS interests primarily rely on the cash flows generated by the ABS for a return on their investment and not capital appreciation or the declaration of dividends. This is consistent with market understanding as well as prior Commission rulemaking and actions, including the Commission Exemptive Order, which made no differentiation between types of ABS interests for purposes of defining what is a “fixed-income security”. Moreover, regardless of the type of ABS interest, the financial information requirements of Rule 15c2-11 are neither relevant nor material to ABS investors.

¹³ Paragraph (ii) of this recommended definition is derived from the definition of “fixed-income security” in Rule 3a-7; however, the additional qualification in paragraph (b)(2)(ii) of Rule 3a-7 that the calculation of interest on the security “does not reference any change in the market value or fair value of eligible assets” has been removed for various reasons, including that it is not applicable to the broader universe of fixed-income securities, such as conventional corporate debt securities. As discussed in the proposing and adopting releases for Rule 3a-7, the additional language was intended to distinguish between different types of ABS based on their structure for purposes of the Investment Company Act of 1940. Therefore, it is not relevant to fixed-income securities more generally and would create unnecessary confusion for market participants.

- (C) Interest on a principal amount (which may be a notional principal amount) calculated by reference to auctions among holders and prospective holders, or through remarketing of the security; or
 - (D) An amount equal to specified fixed or variable portions of the interest received on the assets held by the issuer; or
 - (E) Any combination of amounts described in subparagraphs (A), (B), (C), and (D) of this subparagraph (ii);
- Provided that, for purposes of subparagraph (ii) of this definition, substantially all of the payments to which the holder of such security is entitled consists of the foregoing amounts.”¹⁴

- As a conforming change, update the reference to “any issuer” in the definition of “shell company” in 17 CFR 240.15c2-11(e)(9) to instead refer to an “any issuer of an equity security”.

We believe that the above recommended exclusion for fixed-income securities, including ABS, would be consistent with the policy goal of re-aligning Rule 15c2-11 with the long-held understanding that it does not apply to fixed-income securities. It would also address our concerns regarding the vague terminology used in the Rule 3a11-1 definition of “equity security” that could frustrate that policy goal.

Subparagraph (ii) of the recommended definition of a fixed-income security is principally derived from the definition of a “fixed-income security” for purposes of Rule 3a-7,¹⁵ which sets forth the characteristics of what generally constitutes a fixed-income security in economic substance, namely, the entitlement of the holder of such security to a stated principal amount and/or determinable return of interest on such security. These are the characteristics that distinguish the vast majority of fixed-income securities from equity securities. A holder of an equity security is not entitled to a return of a principal amount or a determinable return of interest. Instead, the holder of an equity security is generally reliant on capital appreciation or the declaration of dividends to earn a return on investment. Subparagraph (ii) of the above recommended definition is, therefore, grounded in the economic substance of what generally constitutes a fixed-income security and should provide market participants with clear guidelines regarding which securities are subject to the requirements of Rule 15c2-11 and which are not. The Rule 3a-7 construct is also particularly useful in the case of certain types of ABS, as it specifically captures principal-only and interest-only securities, which are commonly issued fixed-income securities in the ABS market.

Consistent with the approach described above in Regulation S, Rule 144 and the Commission Exemptive Order to specify that an asset-backed security is a debt security or fixed-income security, we believe that

Additionally, the definition of “eligible assets” in Rule 3a-7 relates to the asset pool collateralizing an ABS and is primarily limited to assets that “convert into cash within a finite period of time”. As explained in detail below, certain non-synthetic ABS products may be backed by physical assets and operating leases where a portion of the cash flows to repay the holders of the ABS is anticipated to come from the disposal of the physical assets underlying the leases. Therefore, such physical assets may not be considered to “convert into cash within a finite period of time”. However, those products are fixed-income securities and excluding them from Rule 15c2-11 would be consistent with the intent to limit the application of the rule to equity securities.

¹⁴ This comment letter is primarily intended to address the unique issues applicable to ABS in the context of Rule 15c2-11. Therefore, we understand that other commentors may recommend a more expansive definition or interpretation of the types of fixed-income securities that should not be considered equity securities for purposes of the rule.

¹⁵ See 17 CFR 270.3a-7(b)(2).

it is essential that the definition of fixed-income security for purposes of Rule 15c2-11 takes a similar approach given that some of the terminology used in the Rule 3a11-1 definition of equity security creates specific concerns regarding the potential application of Rule 15c2-11 to ABS, including interests that may not be fully captured by subparagraph (ii) of the recommended definition. SEC rules currently use various definitions of ABS that largely depend on when the relevant rule was adopted and for what purpose. For example, Rule 902 of Regulation S uses a definition that predates the definition utilized in Regulation AB, which, in turn, utilizes a definition that is specifically tailored for ABS that are able to be registered with the SEC.¹⁶ Rule 17g-5 addresses conflicts of interest arising from the business of nationally recognized statistical rating organizations determining credit ratings and sets forth specific requirements applicable to structured finance products, including, but not limited to, residential mortgage-backed securities and other types of structured debt instruments such as collateralized debt obligations, including synthetic and hybrid collateralized debt obligations, and collateralized loan obligations.¹⁷ As a part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”), Congress promulgated the definition of asset-backed security that is set forth in section 3(a)(79) of the Exchange Act (“Exchange Act ABS”). Exchange Act ABS is broadly defined to capture “a fixed-income or other security collateralized by any type of self-liquidating financial asset (including a loan, a lease, a mortgage, or a secured or unsecured receivable) that allows the holder of the security to receive payments that depend primarily on cash flow from the asset.”

The most recent definition of ABS for purposes of an ABS-specific SEC rulemaking is the one used for purposes of Rule 192, which includes not only Exchange Act ABS but also synthetic ABS and hybrid cash and synthetic ABS, which are all fixed-income securities.¹⁸ The Rule 192 definition was adopted to implement Section 621 of the Dodd-Frank Act to broadly address conflicts of interest in the ABS market. The Rule 192 definition is well understood and, given the intended scope of Rule 192 to apply to ABS transactions generally, we believe that it is the most appropriate ABS definition to reference for purposes of defining a fixed-income security for purposes of Rule 15c2-11 as opposed to the other existing definitions that either predate the modern ABS definitional framework or were adopted for more specific and limited purposes.

Including both subparagraphs (i) and (ii) of the recommended definition of fixed-income security is necessary as such approach not only addresses any ongoing uncertainty regarding application of Rule 15c2-11 to ABS, regardless of form,¹⁹ but also addresses certain technical definitional issues with respect to ABS products that may not necessarily meet the technical requirements of the Rule 192 definition of ABS. For example, certain non-synthetic ABS products may be backed by physical assets and operating leases where a portion of the cash flows to repay the holders of the ABS is anticipated to come from the disposal of the physical assets underlying the leases (such as aircraft or other assets). Therefore, as compared to mortgages or loans, such physical assets may not necessarily convert to cash within a finite period of time or otherwise meet the technical requirements of being “self-liquidating financial assets” for

¹⁶ See 17 CFR 229.1101(c)(1).

¹⁷ See Amendments to Rules for Nationally Recognized Statistical Rating Organizations, Release No. 34-61050 (Nov. 23, 2009) [74 FR 63832 (Dec. 4, 2009)].

¹⁸ See 17 CFR 230.192(c)

¹⁹ Please see footnote 12.

purposes of the Exchange Act ABS component of the Rule 192 definition of ABS. Similarly, whole-business securitizations, collateralized fund obligations and other types of ABS may not necessarily be captured by the Rule 192 definition for the same reason. Nevertheless, these types of products are fixed-income securities in economic substance.²⁰ Therefore, they are appropriate to exclude from the Proposed Rule, and such exclusion would be consistent with the intent to limit the application of Rule 15c2-11 to equity securities.

We strongly encourage the SEC to adopt the above recommendations given the potential negative impacts of any implication that Rule 15c2-11 may apply to fixed-income securities, including ABS. As explained in one of our prior comment letters regarding Rule 15c2-11, impeding quotations in the ABS market will directly reduce liquidity and trading, which will likely impair ABS market values and may leave the market with a limited ability to provide sufficient liquidity to help stabilize the market in times of stress. Further, the lack of liquidity and reduced market value could have a significant negative impact on the direct participants in the ABS market, which may ultimately harm not only American businesses but everyday homeowners and consumers. For example, homebuyers in the mortgage market represent the largest indirect beneficiaries of the financing provided by ABS. Other consumer financial debt supported by ABS includes credit cards, auto loans, and student loans. A reduction in the value of the financial assets that fund these consumer credit products would necessarily raise the cost to the customer of obtaining financing.

Moreover, in the Proposed Rule, the SEC provided no economic analysis of the effect of applying the requirements of Rule 15c2-11 to ABS. We believe that is consistent with our interpretation of the Proposed Rule that the SEC currently has no intention to apply Rule 15c2-11 to any fixed-income security, including ABS.²¹

We appreciate the SEC's efforts to limit the application of Rule 15c2-11 to equity securities, and we would welcome the opportunity to discuss our comments to Rule 15c2-11 as they relate to ABS.

If you have any questions or would like to discuss further, please do not hesitate to contact David B. Dwyer (General Counsel, Policy & Regulatory Affairs) at (646) 589-4613 or david.dwyer@structuredfinance.org, or our outside counsel, Brandon Figg of Morgan, Lewis & Bockius LLP at (202) 739-5949 or brandon.figg@morganlewis.com, or Shalini Shah of Morgan, Lewis & Bockius LLP at (212) 309-7036 or shalini.shah@morganlewis.com.

²⁰ For the reasons set forth in footnote 12, residual interests in these types of ABS should also be excluded for purposes of Rule 15c2-11. We recommend that the Commission include specific guidance in any adopting release to this effect.

²¹ If the SEC were to create any implication in a final rule that Rule 15c2-11 may apply to any category of ABS, then the SEC would need to repropose the Proposed Rule in order to provide an economic analysis of applying Rule 15c2-11 to any such ABS. This is especially the case given that there is no policy justification stated in the Proposed Rule as to why the Proposed Rule should apply to ABS.

Sincerely,

David B. Dwyer

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