STRUCTURED FINANCE ASSOCIATION

November 3, 2026

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

Re: File No. S7-2026-30 – Proposed Rule: Transfer Agent Rules, SEC Release 34-106246 (Sep. 1, 2026)

Ladies and Gentlemen:

The Structured Finance Association[1] (the "SFA") appreciates the opportunity to provide feedback on the proposed rule published by the Securities and Exchange Commission (the "Commission").[2]

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 generally supports the Commission's efforts to modernize the rules governing registered transfer agents in light of technological developments and the shifting landscape for transfer agents since the initial rules were promulgated. However, members of the SFA are concerned that the Proposed Rule and revisions to existing registered transfer agent rules will impose a significant burden on trustees and transfer agents involved in ABS transactions with little corresponding benefit to investors, issuers or other market participants, if any.

Request for Extension of the Comment Period

As a threshold matter, the SFA respectfully requests that the Commission extend the comment period for the Proposed Rule by 45 days, to December 18, 2026. The Proposed Rule represents the most significant

[1] The SFA is a consensus-driven trade association with over 370 institutional members representing the entire value chain of the United States securitization market. By facilitating responsible issuance and investing in loans and securities, the market provides trillions of dollars of capital to consumers and businesses in communities across the country. SFA members include issuers and investors, broker-dealers, rating agencies, data analytic firms, law firms, servicers, trustees, and accounting firms.

[2] *See Transfer Agent Rules*, Release No. 34-106246 (Sep. 1, 2026), [91 FR 56946] (Sep. 4, 2026) (the "Proposed Rule").

revision of the transfer agent rules since they were first adopted in the late 1970s and early 1980s. It would amend Forms TA-1 and TA-2, amend nearly every existing transfer agent rule, including the definitions, turnaround, recordkeeping, record retention, prompt posting, safeguarding and lost securityholder rules, rescind Rule 17ad-4, and adopt two new rules governing compliance and restrictive legends, and it poses more than one hundred and seventy separate requests for comment.[3]

Many of these changes interact with one another and with the bespoke contractual arrangements that govern ABS transactions, and assessing their combined effect requires coordinated review by trustees, registrars, paying agents, issuers, servicers, investors and their counsel across a wide range of asset classes and transaction structures. The current 60-day comment period does not allow sufficient time for the SFA and its members to analyze the full scope of the Proposed Rule, gather the operational and cost data the Commission has requested, and provide the Commission with the considered input that a rulemaking of this breadth warrants. The SFA submits this letter by the current deadline to preserve its views on the issues of greatest concern to the ABS market and would welcome the opportunity to supplement these comments during an extended comment period.

Summary of Recommendations

For the reasons discussed in this letter, the SFA respectfully requests that the Commission:

1. as its primary request, exercise its exemptive authority to exempt transfer agents, note registrars, trustees, paying agents and custodians from Rules 17ad-2, 17ad-3, 17ad-10, 17ad-12, 17ad-30 and 17ad-31 when acting in connection with asset-backed securities, and confirm that custodial loan files and collateral are not part of the master securityholder file; or

2. in the alternative, if the Commission declines to grant that exemption:

    (a) retain Rule 17ad-4 and amend it to add asset-backed securities, structured debt and restricted private placement debt, and amend the definitions of "routine" and "receipt" in Rule 17ad-1 so that turnaround clocks do not run until contractual conditions precedent to a transfer are satisfied;

    (b) confirm that trust accounts maintained under ABS transaction documents satisfy, or are excluded from, the FBO account requirement in the proposed amendments to Rule 17ad-12; and

    (c) exempt transfer agents acting in connection with ABS transactions from proposed Rule 17ad-31.

3. in all events, retain a reasonable daily receipt cutoff and clarify which items are routine; permit compliance with proposed Rule 17ad-30 through existing enterprise compliance programs without separate board approval; amend Rule 17ad-16, or issue staff guidance, to confirm it does

[3] *See generally* Proposed Rule, at 56953, 57042.

not apply at a security's issuance; revise the economic analysis; provide a phased compliance period of at least 24 months; and rescind or modernize Rule 17ad-18.

I. Background

In a typical ABS transaction, the sponsor of the transaction establishes a special purpose vehicle (SPV), typically a statutory trust or limited liability company, to serve as the issuing entity. The sponsor, often through a depositor, transfers a pool of financial assets, such as auto loans, credit card receivables or student loans, to the SPV in a transaction intended to isolate those assets from the sponsor's credit risk. The SPV then issues notes or certificates[4] backed by the cash flows from the pooled assets, and those securities are sold to investors through underwriters or placement agents. A servicer collects payments on the underlying assets, and an indenture trustee or owner trustee, which often also acts as registrar, paying agent and transfer agent, holds the pledged collateral for the benefit of investors in its capacity as indenture trustee under the transaction documents and distributes collections to securityholders in accordance with the transaction documents. The trustee's registrar and transfer functions are defined and limited by those transaction documents rather than by a uniform market practice.

The terms and conditions of an ABS transaction are highly negotiated and are bespoke for each transaction, with the rights, benefits and obligations specifically tailored based on the nature and quality of the underlying financial assets, the financing and operational needs of the sponsor and ultimately the demands of investors. The roles and responsibilities of the transaction participants are similarly tailored to the needs of the transaction and the market.

Investors in ABS are overwhelmingly sophisticated institutions, such as insurance companies, pension funds, asset managers, banks and, in unregistered offerings, qualified institutional buyers,[5] that have the resources and expertise to negotiate, and frequently do negotiate, the terms of the securities they purchase. Among the terms most heavily negotiated are the requirements and conditions for transferring ownership of the notes or certificates, including investor eligibility standards, required certifications and opinions, minimum denominations, ERISA, tax and risk retention restrictions, and the form in which the securities may be held. Because these transfer provisions are complex and vary from transaction to transaction, the trustee or transfer agent administers them as a contractual matter for the benefit of parties who bargained for them. These investors do not need, and have not sought, the protections the Proposed Rule is designed to provide, and applying a one-size-fits-all regulatory framework to these contractually negotiated arrangements would add cost and complexity without a corresponding investor

[4] For purposes of this comment and proposed exemptions, we note that ABS pass-through certificates and residual tranches of ABS bear little resemblance to equity securities marketed to individual investors 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.

[5] As the Commission 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." Asset-Backed Securities, Release Nos. 33–8419; 34–49644 (May 3, 2004); 69 FR 26650, 26654 (May 13, 2004).

benefit. For these reasons, the SFA believes the Proposed Rule should not apply to transfer agents performing transfer functions in ABS transactions.

In ABS transactions, SFA members frequently serve as indenture trustee and, in connection with that appointment, may also serve as registrar, transfer agent, authentication agent, and paying agent. These roles are commonly combined because the related functions, including authenticating the securities, maintaining or overseeing securityholder records, registering permitted transfers and exchanges, and administering payments, are integral to the trustee's administration of the transaction under the governing documents. Some of these activities may fall within the definition of "transfer agent" in Section 3(a)(25) of the Securities Exchange Act of 1934 (the "Exchange Act").

The regulatory basis for a trustee's performance of these functions, however, is not uniform across all ABS transactions. For ABS transactions registered under Section 12 of the Exchange Act, a person performing transfer-agent functions generally must be appropriately registered. Many ABS transactions, however, are conducted pursuant to Rule 144A or through other private placements and are not registered under Section 12 of the Exchange Act. In those transactions, a trustee may perform registrar (transfer agent), authentication agent, paying agent, or related functions because those responsibilities are assigned to it under the transaction documents and are operationally connected to its role as trustee, not because the transaction independently requires the appointment of a registered transfer agent.

The Commission should therefore distinguish between requirements arising from the status of the security and requirements that might otherwise apply solely because the trustee is a registered transfer agent. Without that distinction, the proposed rules could extend transfer-agent requirements to privately placed ABS and other structured debt transactions for which those requirements were not designed, based solely on the regulatory status of the institution selected to serve as trustee or in another related capacity.

II. Regulatory History Confirms the Transfer Agent Rules Were Designed for Routine Transfers, Not Negotiated Structured Debt

The regulatory history of the transfer agent rules confirms that they were designed to standardize the routine, ministerial processing of certificated securities, not the contractually conditioned transfer of asset-backed securities. Before 1975, there was no federal regulation of transfer agents, which were subject to state law and stock exchange requirements.[6] Following the "Paperwork Crisis" of the late 1960s, Congress enacted the Securities Acts Amendments of 1975, which directed the Commission to facilitate a national system for the prompt and accurate clearance and settlement of securities transactions, to end the physical movement of securities certificates among brokers and dealers, and, for the first time, gave the Commission regulatory authority over transfer agents.[7] On June 16, 1977, the Commission adopted Rules 17Ad-1 through 17Ad-7 as performance standards that "primarily focused on establishing minimum performance and recordkeeping standards for routine transfers of certificated

[6] *Transfer Agent Regulations*, Exchange Act Release No. 76743 (Dec. 22, 2015), 80 FR 81948 (Dec. 31, 2015) ("2015 Concept Release"), at 81960.

[7] *See* Proposed Rule, at 56949.

equity and debt securities and the prompt and accurate cancellation and issuance of certificated securities."[8] The Commission itself acknowledges that, at the time, transfer agents primarily provided manual processing of certificates and related recordkeeping functions "that some industry observers viewed as purely ministerial."[9] Rules 17Ad-9 through 17Ad-13, adopted in 1983, likewise responded to instances of substandard transfer agent performance in recordkeeping and safeguarding.[10]

The Commission also recognized from the outset that a single set of processing standards does not fit every type of security. When it adopted the initial rules, the Commission exempted processing for mutual funds, dividend reinvestment plans and limited partnerships from most of the processing and recordkeeping rules because, as the Commission understood at the time, the steps involved were "significantly different from those required to transfer the ownership of stocks and bonds."[11] As the Commission now summarizes it, Rule 17ad-4 was adopted to provide exemptions where "the burden of compliance for certain interests in securities or size of the transfer agent was not justified by the benefit of adherence." The same logic applies to ABS. While the Commission now believes that technological innovation has tilted the balance in favor of increasing the burden of compliance, that determination ignores the reality that complex, bespoke financial transactions require individual attention and diligence, which take time.

When the Commission revisited the rules in its 2015 advance notice of proposed rulemaking and concept release,[12] it focused on transfer agent registration and reporting, written agreements with issuers, safeguarding of funds and securities, restricted securities, cybersecurity, book-entry processing, mutual fund transfer agents, crowdfunding and issuer plan administration, and cited the Commission's 2011 roundtable on microcap securities as context for concerns regarding the issuance and transfer of restricted securities.[13] The Proposed Rule builds on that record and is driven by tokenization, distributed ledger technology, artificial intelligence, cybersecurity and Section 5 violations facilitated by the removal of restrictive legends.[14] The Commission's own economic baseline confirms the focus: corporate equity and open-end investment company securities account for approximately 68% of the issues serviced by registered transfer agents, and the paying agent data the Commission cites concern dividend and interest disbursements. Neither release identifies any harm to investors arising from the transfer of asset-backed securities, which are sold to sophisticated institutional investors and transferred in accordance with conditions negotiated and set forth in the transaction documents.

Applying these requirements to ABS transactions, and rescinding the Rule 17ad-4 exemptions that reflect the Commission's longstanding recognition that the cost of compliance is not always justified, would apply standards designed for routine transfers to a market whose participants have already

---

[8] *Id.* at 56950; *See also Regulation of Transfer Agents*, Exchange Act Release No. 13636 (June 16, 1977), 42 FR 32404 (June 24, 1977).

[9] Proposed Rule, at 56947.

[10] *See* 2015 Concept Release, at 81965.

[11] Proposed Rule, at 56979.

[12] *See generally* 2015 Concept Release, at 81948.

[13] *Id.* at 51949, 81976, 81988.

[14] *See* Proposed Rule, at 56947, 56998.

bargained for the transfer protections they require, imposing new costs on trustees and transfer agents without addressing any identified harm. This history supports the targeted exemptions requested in Section VII below.

III. Operational Infeasibility: Turnaround Acceleration and Elimination of Noon Cutoff (Proposed Amendments to Rules 17ad-1(g) and 17ad-2)

Compressing turnaround to the shorter of one business day or the Rule 15c6-1(a) settlement cycle fails to accommodate the timeline for mandatory legal diligence in private debt transfers. Proposed Rule 17ad-2(a) would require every registered transfer agent to maintain policies and procedures reasonably designed to turn around all routine items within the shorter of one business day or the period specified by Rule 15c6-1(a), and, together with the amended definition of "receipt," would eliminate the noon cutoff so that an item received at any point on a business day is deemed received that day.[15] The Commission justifies this change on the basis that nearly all securities are now immobilized at DTC or uncertificated and that turnaround is "a significantly more streamlined process predominantly effected through electronic debits and credits."[16] That premise does not describe the transfer of privately placed or restricted ABS in definitive form. Nor does it acknowledge that the collection of documentation, the review of information contained therein and analysis of contractual requirements is what takes time, not the physical transfer of paper certificates.

Before a note registrar may register a transfer of a definitive or restricted note, the governing indenture or trust agreement typically requires the registrar to receive transferor and transferee certifications as to Rule 144A, Regulation S or accredited investor status; investment letters; ERISA and benefit plan representations; tax forms and, in some cases, certifications that the transfer will not cause the issuing entity to be treated as a publicly traded partnership or an association taxable as a corporation; confirmations regarding Investment Company Act restrictions; and, in some transactions, receive consents of the issuer, servicer or a controlling class.

While transfer agents are not responsible for verifying the accuracy of such certifications, documentation and opinion letters, many of these documents must be reviewed against conditions negotiated for that specific transaction, and some require confirmation from parties other than the registrar. This diligence cannot be fully automated, and frequently cannot be completed within one business day of receipt, particularly where a transfer request arrives late in the day. The Commission's observation that most transfer agents already turn around routine items within one business day, even for certificated securities, does not address transfers whose registration is conditioned on the receipt and review of transaction-specific documentation.[17] The Commission itself asks whether there are categories of routine items for which a one-business-day standard would be impractical or inappropriate; contractually conditioned ABS transfers are such a category.

---

[15] *Id.* at 56975; proposed Rules 17ad-1(g) and 17ad-2(a).
[16] *Id.*
[17] *Id.*

Eliminating the receipt cutoff compounds the problem, and the Commission should retain a reasonable daily cutoff and provide additional clarification as to which items are routine. Under the amended definition of "receipt," an item delivered at 11:59 p.m. on a business day would be deemed received that day, leaving the transfer agent only the following business day to complete review, obtain any missing documentation and process the transfer. That outcome is particularly difficult for transfer agents that handle low-volume but document-intensive debt transfers, which today often operate under multi-day turnaround practices, and it would place disproportionate strain on transfer agents during periods of elevated volume or backlog. The SFA therefore requests that the Commission retain a daily receipt cutoff, such as 3:00 p.m. Eastern time, after which items are deemed received on the next business day. The SFA also requests that the Commission provide clearer guidance on the line between routine and non-routine items, including confirming that items that are not in good order or that are subject to a dispute are not routine, and clarifying the treatment of Deposit/Withdrawal at Custodian (DWAC) requests, so that the turnaround clock begins only when an item is actually in good order.

A one-business-day turnaround standard, even framed as a policies-and-procedures requirement, will force transfer agents to routinely reject transfer instructions that require document cures, triggering the new one-business-day written rejection notice and impairing ABS market liquidity. The Commission states that its policies-and-procedures approach avoids "a de facto strict liability standard that would result in a rule violation for a single missed turnaround or processing deadline."[18] In practice, however, the proposal would require policies reasonably designed to ensure 100% compliance, require notice to the Commission whenever more than three percent of items are not turned around on time, and require records showing the number of routine items not turned around within the shorter of one business day or the Rule 15c6-1(a) period.[19]

Faced with that framework, a prudent transfer agent's policies will direct it to reject, rather than hold open, any transfer request that is missing a certification, contains a deficient representation or awaits a third-party consent. Each rejection would then trigger proposed Rule 17ad-2(e)(2), which requires a written notice within one business day identifying the item, the reasons for rejection and the specific actions the presentor must take, and proposed Rule 17ad-6, which requires records of each rejection and whether timely notice was given.[20] Today, document deficiencies in ABS transfers are routinely resolved through an iterative exchange among the registrar, the transferor, the transferee and their counsel while the request remains pending. Converting that collaborative cure process into a cycle of formal rejections and resubmissions would lengthen, not shorten, the time to complete transfers, increase costs for registrars and investors, and introduce settlement uncertainty for secondary trades in private ABS. Because the investors in these securities are sophisticated institutions that negotiated the transfer conditions in the first place, the rejection notice provides little protective value while discouraging secondary trading and impairing the liquidity of the ABS market. Notably, the Commission is not proposing to change the existing standard for non-routine items, which must receive "diligent and continuous attention" and be turned around as soon as possible. For these reasons, the SFA requests that transfers subject to contractual conditions precedent be treated as non-routine items, or that the

[18] *Id.*

[19] *Id*, at 56976, 56978; proposed Rules 17ad-2(c) and 17ad-6(a)(2)(iii).

[20] *Id.* at 56977; proposed Rules 17ad-2(e)(2) and 17ad-6(a)(2)(viii)–(ix).

turnaround clock not begin until all required transfer documentation has been received in satisfactory form, as described in Section VII below.

IV. Safeguarding: Inapplicability of Generic FBO Bank Account Mandates (Proposed Amendments to Rule 17ad-12)

A generic FBO account mandate would duplicate protections that ABS transactions already provide. The Commission proposes to reframe Rule 17ad-12 as a comprehensive risk management rule that would, among other things, require that all issuer, securityholder and other third-party funds held by a registered transfer agent be maintained in a bank account designated as a "for the benefit of" account, separate from any other bank account of the transfer agent.[21] The Commission explains that the requirement is intended to ensure that a transfer agent's operational funds are not commingled with third-party funds and that those funds are "kept bankruptcy remote in the event the transfer agent enters bankruptcy or otherwise goes out of business."[22] The SFA supports that objective, but in ABS transactions it has already been achieved through a far more protective and highly negotiated structure, and a generic FBO mandate would add nothing but cost and conflict.

In a securitization, collections on the underlying assets are not held by the trustee as general funds of a transfer agent. They are deposited, typically within two business days of receipt by the servicer, into collection, reserve, distribution and other transaction accounts established in the name of the indenture trustee or owner trustee for the benefit of the securityholders and, where applicable, other secured parties. These accounts are segregated trust accounts that are pledged to the trustee under the indenture and perfected as part of the collateral, and they are already bankruptcy remote from the trustee, the servicer and the sponsor. The transaction documents typically require that these accounts be maintained as "eligible accounts" at an "eligible institution," meaning either a segregated trust account at a depository institution acting in its fiduciary capacity or a deposit account at an institution meeting minimum short-term or long-term ratings established by the rating agencies rating the securities, and require the account to be moved to a qualifying institution within a specified period if the institution ceases to qualify. Funds in these accounts may be invested only in "permitted investments" that satisfy rating agency criteria and that mature before the next distribution date, and they are released only in accordance with the priority-of-payments waterfall set forth in the indenture or pooling and servicing agreement. These requirements are a core element of the rating agencies' structured finance criteria and are negotiated by investors and rating agencies in every transaction.

For registered ABS, these arrangements are also already subject to Commission disclosure requirements. Item 1113(b)(2) of Regulation AB requires the prospectus to describe how cash held pending distribution or other uses is held and invested, the length of time it will be held, the parties with access to cash balances and authority to invest them, who determines the deposit, transfer or disbursement of pool asset cash flows, and whether there will be any independent verification of the transaction accounts or account activity.[23] Investors therefore receive specific, transaction-level

---

[21] *Id.* at 56993; proposed Rule 17ad-12.

[22] *Id.*

[23] 17 CFR 229.1113(b)(2).

disclosure regarding the very risks that proposed Rule 17ad-12 is designed to address. Requiring the trustee to also route those funds through a separate FBO account maintained in its capacity as transfer agent would conflict with the account requirements in the transaction documents, could disrupt the perfected security interest in the collateral accounts, and would introduce an additional account outside the waterfall that investors, rating agencies and the transaction documents did not contemplate. The SFA therefore requests that the Commission clarify that funds held in accounts maintained by an indenture trustee or other trustee in accordance with the transaction documents for an ABS transaction satisfy, or are excluded from, the FBO requirement in proposed Rule 17ad-12, as described in Section VII below.

V. Restrictive Legends and Securities Act Determinations (Proposed Rule 17ad-31)

Although the Commission's discussion of proposed Rule 17ad-31 focuses almost entirely on the removal of restrictive legends, the proposed regulatory text goes far beyond that. The SFA objects to proposed Rule 17ad-31 as applied to ABS transactions and requests an exemption from its requirements. Proposed Rule 17ad-31(b) would require every registered transfer agent to refrain from facilitating "any unregistered securities transaction," including processing or recording an original issuance of securities not registered under the Securities Act, a request to remove a restrictive legend or stop order, or a purchase, sale or transfer of a security by an affiliate, officer or director of the issuer, unless the transfer agent has "a reasonable basis to believe that the transaction does not violate, or is not part of a chain of transactions that would violate, Section 5(a)" of the Securities Act.[24] The examples are expressly non-exhaustive, and the Commission states that "transfer" includes non-sale transfers.[25] Read literally, the rule would reach the initial issuance of every privately placed ABS note or certificate and every secondary transfer of a restricted ABS security, none of which involves the removal of a legend. That reach is not hypothetical: securities acquired in a Rule 144A transaction are deemed to be "restricted securities" within the meaning of Rule 144(a)(3), so every Rule 144A resale of an ABS note would fall within the rule as drafted.[26]

Transfer agents are not required by Commission rule to make legal determinations as to whether an issuance or transfer of securities complies with the Securities Act. Requiring them to do so would fundamentally change the role of the transfer agent. That determination has traditionally been made by the issuing entity, the transferor and the transferee, and their respective counsel, who have access to the facts relevant to the availability of an exemption and who bear the legal consequences of the transaction. The Commission itself acknowledges that "any seller of a security in an unregistered transaction would continue to bear the burden of establishing the availability of an exemption from registration."[27] Rule 144A reflects the same allocation, placing on the seller, and persons acting on its behalf, the obligation to sell only to a purchaser it reasonably believes is a qualified institutional buyer.[28] Consistent with that allocation, ABS transaction documents typically require the transferor and transferee to deliver certifications or opinions as to the availability of an exemption, and expressly provide that the trustee or

[24] Proposed Rule, at 57000; proposed Rule 17ad-31(b).
[25] *Id*, at 57001, n.350.
[26] 17 CFR 230.144A, Preliminary Note 6.
[27] Proposed Rule, at 57001, n.349.
[28] 17 CFR 230.144A(d)(1).

registrar has no obligation to monitor or determine compliance with the securities laws and may conclusively rely on those deliveries. Requiring a transfer agent to independently form a "reasonable basis" regarding Section 5 compliance for each issuance and transfer would shift a legal judgment from the parties best positioned to make it to an administrative agent that lacks the information to do so, increase transfer agents' potential liability, and, as discussed in Section III, further delay transfers that are already subject to extensive contractual conditions.

Transfer agents involved in ABS transactions are almost never responsible for affixing, tracking or removing restrictive legends. The Commission premises the rule on the view that "transfer agents are often the party responsible for affixing, tracking, and removing restrictive legends."[29] In the overwhelming majority of ABS transactions, however, the form of the security to be issued, including the restrictive legend, is set forth in the document governing the issuance of such security. The transfer agent is simply not vested with the authority to, let alone the duty to, affix, track or remove restrictive legends. To remove a restrictive legend, the governing document would need to be amended to permit the removal of the legend and to authorize the issuance of securities in the revised form. Further, the SFA is not aware of the widespread removal of restrictive legends on asset-backed securities or any resulting harm to investors or the public interest, and the enforcement matters the Commission cites involve the shares of operating companies.[30]

Restrictive legends on asset-backed securities implement negotiated transfer terms, not merely Securities Act resale status. These features of ABS reflect the broader points described in Section I. The terms and conditions of each ABS transaction, including the form of the securities and any legends they bear, are bespoke and highly negotiated, tailored to the nature of the underlying assets, the needs of the sponsor and the demands of investors. Restrictive legends on asset-backed securities implement the investor eligibility standards, ERISA and benefit plan limits, tax restrictions, risk retention requirements and minimum denominations that the parties negotiated, and they put each subsequent purchaser on notice of the transfer conditions in the governing documents. A legend on an ABS note therefore cannot be removed simply because a holding period has run or a holder asks for it to be removed; doing so could cause a transfer in breach of the governing documents and, in some cases, jeopardize the tax or Investment Company Act status of the issuing entity. The investors who hold these securities are overwhelmingly sophisticated institutions, such as insurance companies, pension funds, asset managers, banks and qualified institutional buyers, that bargained for these restrictions and rely on the trustee or registrar to administer them as written. The legend removal abuses the Commission cites, which involve unregistered distributions of operating company shares to retail investors, are not present in the ABS market.

The authorized-employee list requirement does not fit an issuing entity that has no employees. Proposed Rule 17ad-31(a) would also require registered transfer agents to obtain and maintain a current list of issuer employees authorized to instruct the transfer agent regarding the placement and removal of restrictive legends, and to refrain from acting on instructions from anyone else.[31] In an ABS transaction,

[29] Proposed Rule, at 57000.

[30] *Id*, at 57000, n.345.

[31] *Id*, at 57000; proposed Rule 17ad-31(a).

however, the issuing entity is a special purpose vehicle with no employees, and any change to the form of its securities must be made through an amendment to the governing documents, often with the consent of securityholders. The existing contractual framework already provides the control the Commission seeks, and layering a separate regulatory process on top of it would add cost and potential conflict without any corresponding benefit to investors. For these reasons, the SFA requests that the Commission exempt transfer agents acting in connection with asset-backed securities from proposed Rule 17ad-31, as described in Section VII below.

VI. Additional Concerns for Trustees and Transfer Agents in ABS Transactions

A. Compliance Program Governance (Proposed Rule 17ad-30)

Proposed Rule 17ad-30 should not impose a separate governance structure on bank trustees that already operate under enterprise compliance programs subject to prudential supervision. The indenture trustees, owner trustees and note registrars that perform transfer agent functions in ABS transactions are predominantly banks and trust companies. Under Section 17A(c) of the Exchange Act, a bank transfer agent registers with, and is examined by, its appropriate regulatory agency, and these institutions already maintain enterprise-wide compliance, risk management and audit programs that are overseen by their boards of directors and examined by their prudential regulators. Proposed Rule 17ad-30 would require a transfer-agent-specific compliance program, including board-level approval, that would sit alongside and potentially conflict with those existing governance structures. Requiring a separate transfer agent program and separate board approval would add cost and duplication without improving oversight, and would create uncertainty about how a transfer-agent-specific compliance officer and program would interact with the institution's broader enterprise compliance function.

If the Commission does not exempt ABS transactions from proposed Rule 17ad-30 as requested in Section VII, the SFA requests that the Commission (i) permit a registered transfer agent to satisfy the rule through its existing enterprise compliance program, (ii) eliminate any requirement for separate board approval in favor of approval by appropriate senior management or compliance personnel, and (iii) for bank transfer agents, defer to the governance and compliance expectations of the appropriate regulatory agency rather than imposing a parallel transfer-agent-specific framework.

B. Rule 17ad-16 Should Not Apply at a Security's Issuance

The Commission should use this rulemaking to return Rule 17ad-16 to its original, post-issuance purpose. Rule 17ad-16 was designed as a narrow change-of-agent notice: when a registered transfer agent takes on or gives up transfer agent services for an issuer, or changes its name or address, it must notify the registered securities depository so that transfer instructions reach the right party. The Commission reaffirmed that limited function in its March 2025 request for comment on the rule's information collection. Since the mid-2000s, however, examination practice has extended the notice requirement to the point of original issuance. As a result, trustees and note registrars now file a Rule 17ad-16 notice with The Depository Trust Company ("DTC") ahead of virtually every new ABS closing, even though nothing about the transfer agent relationship has changed.

For ABS, this pre-closing filing serves no independent purpose. DTC already learns the identity of the trustee or registrar for each new issuance well before closing, through the eligibility materials submitted by the issuer or its underwriters and through the offering document, both of which name the transfer agent and provide its contact information. Repeating that information in a separate transfer agent notice adds a filing step to every closing calendar, creates an opportunity for inconsistent information to enter DTC's records, and does nothing to address the misdirected-transfer problem the rule was meant to solve. Because a single trustee may act on hundreds of new securitizations each year, the cumulative burden on ABS market participants is substantial.

That burden is also considerably larger than the Commission has assumed. The Commission's 2025 estimate of $96 per notice leaves out much of what compliance actually costs, including the time of legal and compliance personnel, the systems needed to generate, track and audit notices and keep pace with depository requirements, and the work involved in examinations of the notice program. Industry estimates put the true cost closer to $500 per notice. The Commission's notice count, drawn from the 16,412 notices DTC reported for 2024, also omits filings made with other depositories and may understate the total by roughly 20 percent. On these figures, the rule's annual cost to the industry approaches $10 million, several times the Commission's estimate. Most of that cost comes from notices filed at issuance. Notices reflecting a genuine post-issuance change in transfer agent, name or address are estimated to make up less than five percent of filings, so confining the rule to its intended scope would eliminate most of its cost while preserving its benefit.

Accordingly, the SFA requests that the Commission rescind this requirement, but if not, then amend Rule 17ad-16 as part of this rulemaking to make clear that the notice obligation is triggered only by a post-issuance assumption or termination of transfer agent services or a change in the transfer agent's name or address, and not by an original issuance. If the Commission does not amend the rule text, the SFA requests that the Commission or its staff issue guidance to the same effect, including guidance identifying the post-issuance events that require notice.

C. The Economic Analysis Understates Compliance Costs

The SFA believes the Commission's economic analysis materially understates the costs the Proposed Rule would impose on trustees and transfer agents in ABS transactions. The analysis does not account for the transaction-by-transaction diligence required to administer negotiated transfer conditions, the technology builds and system changes needed to meet compressed turnaround and rejection notice timelines, the costs of amending or reconciling transaction documents and account structures to meet new regulatory requirements, or the staffing, legal and examination-related costs of operating parallel compliance programs. The Commission's Rule 17ad-16 estimates, discussed above, illustrate how the Commission's cost assumptions can diverge substantially from actual industry experience. The SFA urges the Commission to gather additional data, including through an extended comment period, and to revise its economic analysis before adopting any final rule.

D. Implementation Period

Given the breadth of the Proposed Rule and the number of interdependent changes it would require to definitions, systems, data, procedures and transaction documentation, the SFA requests that the

Commission provide a compliance period of no less than 24 months after the effective date of any final rule, with phased and sequenced compliance dates for different requirements. The SFA also requests that the Commission permit transfer agents to voluntarily comply with individual requirements before the applicable compliance date, so that firms can adopt changes as they are ready while maintaining consistency across their operations.

E. Obsolete Year 2000 Reporting Rule (Rule 17ad-18)

Although the Proposed Rule would amend nearly every existing transfer agent rule, it does not address Rule 17ad-18, which required certain transfer agents to file reports on their Year 2000 readiness and no longer serves any purpose. In keeping with its modernization goals, the SFA requests that the Commission rescind Rule 17ad-18 or, if the Commission retains it, modernize it.

VII. Recommendations

Primary Recommendation: Exemption for ABS Transactions

The SFA requests that the Commission provide this relief using its general exemptive authority under Section 36 of the Exchange Act, which permits the Commission to exempt any person, security or transaction, or any class thereof, from any provision of the Exchange Act or the rules thereunder to the extent necessary or appropriate in the public interest and consistent with the protection of investors.[32] Because many ABS trustees and registrars are banks whose appropriate regulatory agency is a federal banking agency, the SFA also requests that the Commission state that it does not object to parallel exemptive relief by those agencies under Section 17A(c)(1), which authorizes the appropriate regulatory agency to grant exemptions that are in the public interest and consistent with the protection of investors and the purposes of Section 17A, "including the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds," provided the Commission does not object.[33] For the reasons described in Sections III through VI, the contractual, account and disclosure protections in ABS transactions already serve those purposes. The relief would apply only to the activities of transfer agents, note registrars, paying agents, indenture trustees and custodians in connection with asset-backed securities and their bankruptcy-remote issuing entities, and would not exempt registered transfer agents' activities in connection with equity or other debt issuances.

For the reasons described above, the SFA's primary recommendation is that the Commission exempt transfer agents, note registrars, trustees, paying agents and custodians from Rules 17ad-2, 17ad-3, 17ad-10, 17ad-12, 17ad-30 and 17ad-31 when acting in connection with asset-backed securities, as defined in Section 3(a)(79) of the Exchange Act, and their bankruptcy-remote issuing entities, in whatever form the Commission determines is appropriate. Tying the exemption to the statutory definition limits the relief to securities that are, by definition, primarily serviced by the cash flows of a discrete pool of financial assets, and keeps it from reaching equity issuances or other corporate debt. The SFA also requests that the Commission confirm that the custodial loan files and collateral packages held by a document

---

[32] *See* Exchange Act, Section 36(a)(1), *See also* 15 U.S.C. 78mm(a)(1).

[33] *See* Exchange Act, Section 36(a)(1), Section 17A(c)(1), *See also* 15 U.S.C. 78q-1(c)(1).

custodian or trustee for the benefit of securityholders are not part of the master securityholder file and are not funds or securities in the transfer agent's possession, control or custody. Without that clarification, the proposed definitions of master securityholder file and the safeguarding requirements of proposed Rule 17ad-12 could be read to reach mortgage notes, retail installment contracts and other collateral documents that are held under custodial agreements negotiated for that purpose and that have no connection to the registration or transfer of the securities themselves.

This clarification is consistent with the Commission's own treatment of the master securityholder file as "the official list of individual securityholder accounts," and with Regulation AB, which already treats collateral custody as a distinct, separately disclosed function.

Secondary Alternative: Structured Debt Exemption and Tolling of Turnaround Clocks

If the Commission declines to grant the exemption described above, the SFA requests, in the alternative, that the Commission retain Rule 17ad-4 rather than rescind it, and amend it to add exemptions for structured debt, asset-backed securities and restricted private placement debt. Rule 17ad-4 does not currently include these categories, but it reflects the Commission's longstanding judgment that exemptions are warranted where "the burden of compliance for certain interests in securities or size of the transfer agent was not justified by the benefit of adherence."[34] Extending that existing framework to ABS would be a modest, targeted change consistent with the Commission's historical treatment of other types of securities whose transfer processes the Commission historically recognized were likewise different from those required for the routine transfer of stocks and bonds.[35]

In addition, the SFA requests that the Commission amend the definition of "routine" in Rule 17ad-1(i) to provide that any item presented for transfer of an asset-backed security, structured debt security or restricted private placement debt security, the registration of which is subject to conditions precedent under the governing documents, is not a routine item, and amend the definition of "receipt" in Rule 17ad-1(g) to provide that receipt of such an item does not occur until the transfer agent has received all certifications, opinions, consents and other documentation required under the governing documents to satisfy the contractual, legal, tax and investor eligibility conditions to the transfer. Rule 17ad-1(i) already defines routine items in the negative, listing categories of items that are not routine, including a security as to which the transfer agent has received notice of a stop order, adverse claim or any other restriction on transfer.[36] These amendments would confirm that conditioned ABS transfers fall within that existing framework and would ensure that the proposed one-business-day turnaround and rejection notice clocks begin to run only once a transfer is actually capable of being completed, rather than penalizing transfer agents for time spent on contractually required diligence.

Further, the SFA requests that the Commission exempt transfer agents acting in connection with asset-backed securities from Rule 17ad-31.

---

[34] Proposed Rule, at 56979.

[35] 2015 Concept Release, at 81960.

[36] 17 CFR 240.17Ad-1(i).

Additional Recommendations Applicable in All Events

Regardless of whether the Commission grants the exemption or alternative relief described above, the SFA requests that the Commission: (i) retain a reasonable daily receipt cutoff and clarify the distinction between routine and non-routine items; (ii) permit transfer agents to satisfy proposed Rule 17ad-30 through existing enterprise compliance programs, without separate board approval, and defer to the appropriate regulatory agency's governance expectations for bank transfer agents; (iii) amend Rule 17ad-16 to confirm that it does not apply at a security's original issuance or, in the alternative, issue staff guidance to that effect; (iv) revise its economic analysis to reflect the actual costs of the Proposed Rule; (v) provide a phased compliance period of no less than 24 months, with the option of early voluntary compliance; and (vi) rescind or modernize Rule 17ad-18.

VIII. Conclusion

The SFA shares the Commission's goal of modernizing the transfer agent rules to reflect current technology and to protect investors. The transfer of asset-backed securities, however, is governed by bespoke, heavily negotiated transaction documents, administered for the benefit of sophisticated institutional investors, and supported by account, custody and disclosure protections that already address the risks the Proposed Rule seeks to mitigate. Applying the Proposed Rule's turnaround, safeguarding and restrictive legend requirements to these transactions would impose significant costs, create conflicts with existing contractual obligations and impair the liquidity of the ABS market, without a corresponding benefit to investors. The SFA therefore respectfully urges the Commission to adopt the targeted relief described herein.

If you have any questions or would like to discuss further, please do not hesitate to contact Dallin Merrill, Head of Policy at **Dallin.Merrill@StructuredFinance.org**, or outside counsel, Charles More of Alston & Bird LLP at **Chip.More@Alston.com**.

Respectfully submitted,



Dallin Merrill

Head of Policy

Structured Finance Association