



**Via Overnight Mail**

January 14, 2022

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

Dear Ms. Mitchell:

InspereX LLC ("InspereX") is pleased to offer comments on FINRA Regulatory Notice 21-40, "FINRA Requests Comment on Amendments to Rule 11880 Shortening the Settlement of Syndicate Accounts" (the "Notice"). As a FINRA-member broker-dealer that regularly and frequently participates as a co-manager on corporate bond underwritings, we fully endorse 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 co-managers.

As a co-manager in corporate bond underwriting syndicates, we are actively engaged in the distribution of new issue debt offerings. In addition to selling such new issue debt securities direct to institutional accounts, we may also utilize a broad network of downstream selling group members, with which we maintain selling agreements, as we fulfill our distribution responsibilities. In connection with our participation as a co-manager, beyond our distribution capabilities, we share with other syndicate members the risks associated with the underwriting. Under current Rule 11880, once a corporate bond transaction settles, co-managers must wait up to ninety (90) days to receive funds we earn from the underwriting and our distribution activities. Under the SEC Net Capital Rule, we cannot count the receivable we are owed from the senior manager towards our regulatory capital, which may limit our ability to conduct certain business activities, including engaging in both additional 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 they pay out syndicate deal revenue to co-managers.

The 90-day standard in Rule 11880 has been on the books since 1987. Since that time we have seen the emergence of operations-related and other technology that has made the process of settling syndicate accounts much more efficient, thus making the process administratively less expensive and time consuming. Yet, the 90-day time frame has not been addressed in 35 years.

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There is no doubt that syndicate managers have the ability to settle accounts within thirty (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 thirty (30) days and we urge FINRA to adopt the proposal expeditiously.

Sincerely,

**INSPEREX LLC**

A. Brad Busscher  
Chief Administrative Officer & General Counsel

ABB/pea