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RULEMAKING COMMENT · U.S. SECURITIES AND EXCHANGE COMMISSION · FILE NO. S7-2026-30 18 OCTOBER 2026

Comment on the Proposed Transfer Agent Rules (File No. S7-2026-30): Record Delivery, Successor Transition and the Measurement of Exit Capacity

Comment on Release No. 34-106246, Transfer Agent Rules, File No. S7-2026-30, RIN 3235-AL55 (published in the Federal Register on 4 September 2026; comments due on or before 3 November 2026). The comment proposes one textual change to proposed Rule 17ad-7(i), answers Questions 101, 97, 19, 20, 110, 112, 28 and 141 by number, gives context on Questions 98 and 160, and describes a measurement approach for the effect of the delivery requirement on holdup. No transfer agent is assessed and no score is offered or implied.

Submitted by: Ivan Savich, Creator of the Black Hole Index (independent researcher)

File: S7-2026-30; Release No. 34-106246; RIN 3235-AL55

Scope: proposed Rule 17ad-7(i), delivery of records to a successor transfer agent (Question 101); record continuity (Question 97); proposed Rule 17ad-7(h), third-party recordkeepers and independent access (Questions 98 and 160); Form TA-2 Question 5(b) service-provider disclosure (Questions 19 and 20); proposed Rule 17ad-12 (Questions 110 and 112); definitions (Question 28); the economic baseline (Question 141)

Relationship to the instrument's record: no transfer agent has been assessed with the instrument; no score is offered or implied for any firm or for the industry

Status: non-confidential in its entirety; may be published in full

Independence: this comment is submitted in the author's personal capacity as an independent researcher; no third party commissioned or funded the preparation of this comment or the underlying Black Hole Index research; the author has no professional or financial interests relevant to the subject of this rulemaking that require disclosure

1. Introduction and purpose

1.1. I am the Creator of the Black Hole Index (BHI), an open measurement instrument for structural lock-in on digital platforms: eleven parameters scored against published anchored rubrics and aggregated as a ratio of capture to escape, applied to a fixed universe of 184 platforms across 18 sectors and published with its rubrics, data and corrections under CC-BY 4.0. [3, 4] Its records have been submitted to regulators in the United Kingdom, the European Union and Japan, and one has been published by the Competition and Markets Authority among the responses to a consultation. [5, 6, 7, 8, 9] No transfer agent has been assessed with it, and this comment offers no score for any firm or for the industry.

1.2. The comment addresses one question that the proposing release raises in several places: the difference between the formal availability of an issuer's records and the issuer's practical ability to leave the transfer agent that holds them. The release supplies the facts from which that difference follows. In discussing the delivery of records to a successor transfer agent under proposed Rule 17ad-7(i), it reports issuer complaints that some transfer agents, after being terminated by the issuer, have delayed or refused to hand over securityholder records to successor transfer agents unless the issuer pays a termination fee that was not previously agreed, and it proposes that the master securityholder files, transfer journals,

control books, records of cancelled certificates and other key records be delivered, provided or otherwise made available to the issuer or its designee no later than 15 calendar days after the transfer agent ceases to perform transfer agent functions for the issue. [1, Section III.H.4] Its economic analysis describes the same situation as a holdup problem: issuers make relationship-specific investments, such as migrating securityholder records to a particular transfer agent, that are costly to reverse, and the proposed delivery requirement could help prevent a departing transfer agent from unilaterally demanding a termination fee in exchange for handing over the records. [1, Sections V.A and V.C] The written documentation of a transfer agent's appointment by an issuer and of the termination of that appointment, which proposed Rule 17ad-6(a)(8) would require, is presented as vital to ensuring the timely turnover of the issuer's records to the successor. [1, Section III.G.2]

1.3. The comment makes no assessment of any transfer agent. It offers a distinction between delivery and operability of records that the Commission may find useful in drafting the delivery and continuity provisions; a proposed textual change to proposed Rule 17ad-7(i); answers to specific questions, by number; and a measurement approach for recording whether a dependency has changed in degree or only in form after a rule or a substitution.

1.4. Section 2 states the distinction, locates it in the release, proposes the textual change and answers Question 101. Section 3 answers Question 97 and gives context on Questions 98 and 160. Section 4 answers Questions 19 and 20. Section 5 answers Questions 110 and 112 together and Question 28. Section 6 describes the measurement approach in relation to Question 141. Section 7 states the limitations of the instrument and of this comment. Section 8 concludes. An appendix maps each question addressed to the paragraphs that answer it.

2. Delivery is not operability: the distinction, a textual change to Rule 17ad-7(i), and Question 101

2.1. In the instrument's vocabulary three escape-side quantities are scored separately because they fail separately. Portability is the exportability of data and state. Substitutability is whether multiple commodity-grade alternatives exist at parity of feature and price, which the instrument's regulatory records read at the level of integration actually in use. Human fallback is whether the work the provider performs can be done by people in reasonable time and at reasonable cost. [3, 6] A complete export can coexist with no practical exit when the exported records cannot be put into production by a successor without the incumbent's cooperation, interfaces, formats or continuing services. The instrument's frozen records apply this by defining a completed exit in advance and recording, in a component-exit table, the documented conditions that exit from one component attaches to another; in the record placed before the Competition and Markets Authority on 31 August 2026, nine of ten components examined showed such a condition. [6, Sections 3.4 and 4.2] That record concerns enterprise software and is cited for the method only.

2.2. The release's account of termination disputes describes exit cost located not in the issuer's right to its records but in the operational control of those records at the moment of transition. It identifies fee disputes and termination and succession issues as the two primary conflicts between transfer agents and issuers reported in issuer complaints, records that the withholding of securityholder records does not allow the successor transfer agent to ensure that the master securityholder file and other records are accurate, and states that requiring the records to be made available provides certainty that a successor will be able to resume core functions. [1, Section III.H.4] A delivery requirement addresses whether the records move. It does not by itself establish whether the successor can operate them, which depends on format, completeness, continuity of identifiers and any residual role of the former transfer agent.

2.3. The release already contains the term that would close the first part of that gap, the format in which the records arrive, and the proposed text below adds completeness; the rest of the gap, continuity of identifiers and any residual role of the former transfer agent, is not a matter of format and is addressed in sections 3 and 6. Proposed Rule 17ad-7(f) would require controls to ensure the integrity, accessibility, reproducibility, redundancy and continuity of records held in an electronic recordkeeping system, including continuity across system or technology upgrades, staff changes and format changes; those controls govern the transfer agent's own system and production from it, and do not state an end-state at a successor. [1, Section III.H] For production of records to the Commission and the transfer agent's appropriate regulatory agency (ARA) under proposed Rule 17ad-7(f) and (g), the release requires a reasonably usable electronic format, defined as a format compatible with commonly used systems for accessing and reading records, and it explains that an electronic recordkeeping system would need to be able to download and transfer a copy of a record in that format. [1, Section III.H] Proposed Rule 17ad-7(i) does not carry that term; the release states that 15 calendar days is sufficient time to identify the relevant documents and provide copies. [1, Section III.H.4] The comment proposes that paragraph (i) provide that records maintained in an electronic recordkeeping system be delivered, provided or otherwise made available in a reasonably usable electronic format, and that the master securityholder file so delivered be complete and current as of the date the transfer agent ceased to perform transfer agent functions for the issue. The change addresses one condition of operability at the successor, not all of them. It mandates no specific format, consistent with the release's statement that the definition of the master securityholder file would not mandate or endorse a specific electronic format [1, Section III.B.2]; it reuses the standard the release already applies to production to the Commission, adopted there to prevent situations where regulators receive files in proprietary formats they cannot open or review, a reason that applies with at least equal force to a successor transfer agent. [1, Section III.H]

2.4. Question 101 asks whether 15 calendar days is sufficient and realistic, and whether the rule should provide for extensions in specified circumstances such as disputes between the transfer agent and the issuer, or operational disruptions. [1, Section III.H.5] The comment takes no position on the length of the period. On extensions, the release's own example of the harm is a fee-contingent withholding of records, and a dispute between the transfer agent and the issuer in that example is a fee dispute. An extension available on the ground of a dispute would re-create, inside the rule, the delay the rule is meant to end. If the Commission provides for extensions, the comment suggests that a dispute over fees or over the terms of termination not qualify, that an extension for an operational disruption be bounded in time and documented to the ARA, and that any extension defer only the physical delivery of the complete record set and not the issuer's or successor's read access to the records in a reasonably usable electronic format, where the disruption does not itself prevent such access, since read access is what lets the successor begin to resume core functions.

2.5. The release's economic analysis reports that the ten largest transfer agents account for approximately 82 per cent of individual securityholder accounts, 84 per cent of items received for transfer and 87 per cent of securityholder accounts for which a master securityholder file is maintained, and service approximately 69 per cent of registered issuers representing approximately 98 per cent of total market capitalisation in the sample, and reads these levels and their upward trend as suggesting limited competitive constraints on the largest transfer agents. [1, Section V, Table 7] Concentration measures where issuers are. The holdup problem the release describes in the same section is a different quantity, how costly it is for an issuer to reverse its relationship-specific investment, and it is that quantity, not concentration, that the delivery requirement acts on and that the approach in section 6 is designed to observe.

3. Continuity of records across changes of system, technology and provider (Questions 97, 98 and 160)

3.1. Question 97 asks what challenges transfer agents face in ensuring record continuity across system migrations, technology upgrades or changes in service providers, and whether standards or frameworks such as those of NIST or ISO should be referenced. From measurement experience, continuity becomes observable only when a requirement separates three conditions. The first is retention: the records exist and are kept for the required period. The second is exportability: the records can be delivered in a documented form that a successor or the issuer can read without the former provider. The third is exit capacity: the function the records support can be resumed by a successor in production within a stated time without a continuing dependence on the former provider. Frameworks of the kind Question 97 points to, for business continuity and information security, are written principally for the retention and recovery of the same organisation's records and operations. The third condition, resumption by a successor, is a different end-state, and an explicit statement of it in the rule would give a continuity requirement a testable end-state against which the Commission could later observe whether that state changed; attributing a change to the rule is the matter of paragraph 6.3.

3.2. Questions 98 and 160 concern proposed Rule 17ad-7(h), which would combine into one provision the undertaking that existing Rule 17ad-7(f)(6) asks of a third-party recordkeeper and the written agreement that existing paragraph (g) requires the transfer agent to obtain, placing the obligation on the transfer agent, and would exempt a transfer agent that has and maintains at all times independent access to the records. Both the agreement and the exception serve the same purpose, examination of the records by the Commission or the ARA and the prompt furnishing of copies: the agreement binds the third party to permit that, and independent access is defined as the transfer agent's ability to access the records regularly without any intervention by the third party and, through that access, to permit examination and furnish copies itself. [1, Section III.H] Regular access without the third party's intervention is a necessary part of the exportability condition in paragraph 3.1, stated one layer down, and the definition tests it for the purpose of examination. Neither the agreement nor the exception tests the exit condition, the ability to operate the records with a different provider, and the comment does not suggest that paragraph (h) carry it; it suggests only that independent access for examination not be read as exit capacity. The comment offers no data on the situations in which an agreement cannot be obtained (Question 98) or on the number and cost of providers (Question 160), and the appendix records those questions as context only.

3.3. The comment has no data on transfer agents. The incidence of records withheld at termination, of fee-contingent delays and of transitions that failed on operability are empirical questions the Commission is better placed to answer from Form TA-2, from the issuer complaints it describes and, if adopted, from the written documentation of appointment and termination that proposed Rule 17ad-6(a)(8) would require, which would ordinarily be dated.

4. Service-provider disclosure on Form TA-2 (Questions 19 and 20)

4.1. The release proposes that transfer agents identify on Form TA-2, by name and type, the service providers that directly support transfer agent functions, states that this information would not be made publicly available on EDGAR, and explains the purpose: to assess operational risk across the national system of clearance and settlement, for example by knowing how many transfer agents rely on a recordkeeping service provider that suffers an outage. [1, Section II.D] Question 20 asks whether more detailed information should be required, such as the specific services provided or the oversight and monitoring

procedures used. A list of providers and services shows that reliance exists; it does not show what happens at an outage or a termination, which is the risk the Commission says it wants to see. Four non-public fields, answerable as yes, no or not determined, would show that depth without any composite measure: whether the records or functions held with the provider can be exported in a documented format without the provider's continuing participation; whether a functionally equivalent alternative provider exists for the service at the level of integration in use; whether the function could be performed without the provider for a stated period; and whether a transition to an alternative has been tested or performed within the reporting period. A not-determined option avoids forcing an answer where no transition has been tested, which for a critical recordkeeping provider will often be the case, and it makes the untested cases countable. The four fields are offered as candidates for the Commission's consideration under Question 20, not as a settled design: the comment cannot estimate the cost of collecting them or the reliability of self-reported answers, and the Commission is better placed to weigh both against the outage-visibility purpose it states.

4.2. Question 19 asks whether additional types of service providers should be included in the list in proposed Question 5(b), and whether the information would duplicate other questions such as Question 4(e). Two provider types whose termination or failure bears on continuity in the sense of Question 97 are not in the proposed list: providers of identity and access management on which staff access to recordkeeping systems depends, and providers of electronic-signature and electronic-delivery services through which securityholder instructions and communications pass. Distributed ledger technology platforms are already in the proposed list, and Question 4(e) separately counts the issues for which the master securityholder file is maintained using distributed ledger technology; the fields in paragraph 4.1 would not duplicate Question 4(e), since they describe exit position rather than technology used.

5. Risk management, independent assessments and definitions (Questions 110, 112 and 28)

5.1. The proposed amendments to Rule 17ad-12 would require a written business continuity plan that identifies and addresses events that pose a significant risk of disrupting the transfer agent's operations, ensures the timely recovery of its records, enables the timely resumption of its operations and obligations, and is tested, reviewed and updated no less frequently than annually. [1, Section III.J] Question 110 asks whether these requirements are adequate to ensure timely recovery and resumption after a disruption. Recovery and resumption restore the same provider arrangement after a disruption. Exit capacity is a different quantity: the ability to resume the function with a different provider. A plan can satisfy the first fully while the second is absent. The comment suggests that the final rule or its release state which of the two the requirement addresses; it takes no position on whether the second should be required. The same distinction answers Question 112: an independent assessment of a transfer agent's own practices, such as a SOC 2 report, attests to controls operating at the transfer agent and not to an issuer's ability to leave it, and the two should not be read as the same evidence.

5.2. Question 28 asks whether international standards, practices or regulatory frameworks should inform the proposed amendments to the definitions in Rules 17ad-1 and 17ad-9. Two terms bear on the answer: independent access, which the rule text of proposed Rule 17ad-7(h)(2) defines, and a reasonably usable electronic format, which the release defines in its discussion of Rule 17ad-7 but which the rule text uses without defining. Since paragraph 2.3 proposes carrying the second term into paragraph (i), the comment suggests that its definition be carried into Rule 17ad-9 with the other defined terms. One instrument supplies vocabulary for the distinction both terms sit on: Regulation (EU) 2023/2854, the Data Act, in Chapter VI on switching between data processing services, treats the removal of obstacles to

switching and the export of exportable data as obligations distinct from functional equivalence, which it requires for infrastructural services (Articles 23 and 30). [10] Both of the release's terms define the exportability side, and the Data Act's vocabulary would let the Commission say so in terms, without importing its obligations. It is cited as vocabulary and not as endorsement of this instrument or of its application to transfer agents.

6. A measurement approach for the effect of the delivery requirement on holdup (Question 141)

6.1. Question 141 asks what additional qualitative or quantitative information the Commission should consider as part of the baseline for its economic analysis. [1, Section V] The baseline already frames the harm as a holdup problem arising from relationship-specific investment that is costly to reverse. [1, Section V.A] In a consultation response to the Competition and Markets Authority dated 17 October 2026, I proposed a residual-dependency assessment for determining whether an intervention or substitution has materially reduced the dependency it targets rather than changed its form. [7, Section 4] A record of residual dependency in successions completed before adoption would be baseline information of the kind Question 141 asks for: it would document, for the pre-rule state, which obstacles make the investment the release describes costly to reverse and, where the data exist, the associated costs. The same record after adoption would let the state after adoption be compared against that baseline.

6.2. The unit of analysis is one issue, one succession event and one successor. The baseline, taken before the event, records which records, identifiers, interfaces and continuing services the issuer's functions depend on at the incumbent, with direction; the documentation proposed Rule 17ad-6(a)(8) would require would ordinarily identify the parties to, and the dates of, the event, and the dependency baseline itself would come from examination or directly from the issuer and the successor. The event is the termination and the delivery of records, dated. The post-event state, taken after the successor has assumed the function, records each element that remains necessary for the successor to maintain the master securityholder file and process items in production: format conversions, continuing access to the former transfer agent's systems, reconciliation against copies the former transfer agent retained, and fees or services contingent on its cooperation. Each residual element is attributed as generic to any transition, specific to the former transfer agent, created by the issuer, arising from a third party, or mixed, with a stated confidence. The outcome is classified as a complete structural exit, coexistence or partial exit, substitution with material residual dependency, no material structural change, or not testable, with the classes made exclusive by a precedence rule. No composite score is produced; the output is a structured record.

6.3. Applied to successions before and after the rule takes effect, the record would show whether the operability of records at the successor and the incidence of fee-contingent delay changed between the two periods, which correspond to the two harms the release describes, withheld records and a successor unable to ensure the accuracy of the master securityholder file, and not only the date on which records are delivered. Attributing an observed change to the 15-calendar-day requirement rather than to concurrent changes in systems, contract terms, transfer agents' practices or the composition of issuers would need a comparative design; the record supports such a design but does not by itself supply the attribution.

7. Limitations

7.1. No transfer agent has been assessed with the instrument. The comment generalises a measurement distinction from other sectors and is an analytical frame, not evidence about transfer agents or about any firm.

7.2. The instrument's own validation is incomplete: each platform is scored by a single evaluator, its structural constants are not empirically calibrated, and its external validity evidence is a concurrent cohort of fourteen platforms, four of whose criterion values are not measured annual rates (three asserted characterisations and one share figure), on which simpler forms correlate at least as strongly as the full formula; these limits are documented in the published methodology and corrigendum. [3; 4, items 11 to 13, 15 and 16] Nothing in this comment depends on a score.

7.3. The residual-dependency approach in section 6 has not been applied to a real environment and is not validated. Its attribution and materiality fields depend on evaluator judgement; it records attribution and does not resolve it.

7.4. The comment states no legal conclusion and takes no position on the merits of the proposed rules beyond the measurement distinction it describes, the textual change in paragraph 2.3 and the specific suggestions in paragraphs 2.4, 3.1, 3.2, 4.1, 4.2, 5.1 and 5.2.

8. Conclusion

8.1. The release has identified, in its own record, the gap between an issuer's right to its records and its ability to leave a transfer agent. The delivery requirement will be testable to the extent that the end-state, records the successor can operate without a continuing dependence on the former transfer agent, is stated. The release already holds the term, a reasonably usable electronic format, that would secure the format part of that end-state; the statement of the end-state is the matter of paragraph 3.1, and its observation after adoption the matter of section 6. The comment is to be submitted through the Commission's comment form for File No. S7-2026-30 and may be published in full. [2] I remain available to answer questions on the method.

Appendix: crosswalk of the questions addressed to the paragraphs of this comment

QUESTION OR PROVISION IN THE RELEASE	PARAGRAPHS
Proposed Rule 17ad-7(i), delivery of records to a successor transfer agent; proposed textual change	1.2, 2.2, 2.3, 6.3
Question 101, the 15-calendar-day period and extensions	2.4
Section III.G.2 and proposed Rule 17ad-6(a)(8), written documentation of appointment and termination	1.2, 3.3, 6.2
Question 97, continuity across migrations, upgrades and provider changes; frameworks	3.1
Questions 98 and 160, third-party recordkeepers and independent access (context only; no data offered)	3.2
Questions 19 and 20, service-provider disclosure on Form TA-2 Question 5(b); Question 4(e)	4.1, 4.2
Questions 110 and 112, business continuity under Rule 17ad-12 and independent assessments	5.1
Question 28, international frameworks for the definitions; the definitions in Rule 17ad-9	5.2
Question 141, information for the baseline of the economic analysis; Sections V.A and V.C; Table 7	2.5, 6.1 to 6.3

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