

# FINANCIAL INFORMATION FORUM

5 Hanover Square  
New York, New York 10004

212-422-8568

## **Via Electronic Delivery**

April 7, 2015

Marcia E. Asquith  
Office of the Corporate Secretary  
FINRA  
1735 K Street, NW  
Washington, DC 20006-1506

Re: FINRA Notice 15-04 – FINRA Requests Comment on a Proposal to Disseminate Additional Securitized Products and to Reduce the Reporting Time Frame for These Products

Dear Ms. Asquith,

The Financial Information Forum (FIF)<sup>1</sup> would like to take this opportunity to comment on *FINRA Notice 15-04 - FINRA Requests Comment on a Proposal to Disseminate Additional Securitized Products and to Reduce the Reporting Time Frame for These Products* (“Request for Comment”). We appreciate FINRA’s willingness to seek feedback on the important issues outlined in the notice.

In responding to FINRA’s Request for Comment, FIF is focused on aspects of the Notice with operational or implementation impacts. In summary, FIF recommends the following:

1. Align the proposed changes to collateralized mortgage obligations (CMOs), commercial mortgage-backed securities (CMBSs) and collateralized debt obligations (CDOs) (collectively referred to as “additional Securitized Products”) with those changes that will become effective June 1, 2015 for asset-back securities, specifically with respect to: a) suppressing the contra-party indicator in disseminating transaction details; and b) identifying transactions that meet the definition of a List or Fixed Offering Price Transaction, as defined in Rule 6710(q).
2. Modify the amendment to Rule 6730 to change the reporting time frame for transactions in CMOs that are executed before the issuance of the security to the actual first settlement date of the security, rather than the proposed two business days prior to the first settlement date.
3. Provide the file of TRACE-eligible CUSIPs to facilitate compliance with pre-issuance CMO reporting.

FIF’s perspectives on the proposals in the Request for Comment are discussed in more detail below.

---

<sup>1</sup> FIF ([www.fif.com](http://www.fif.com)) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the securities industry across the order lifecycle. Our participants include trading and back office service bureaus, broker-dealers, market data vendors and exchanges. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

### **Alignment of Changes in Asset-Backed Securities and Additional Securitized Products**

FIF members believe the proposed changes to additional Securitized Products should be aligned with certain upcoming changes to dissemination of asset-backed securities outlined in Regulatory Notice 14-34<sup>2</sup> effective June 1, 2015. The Request for Comment specifically discusses FINRA's decision to not disseminate the contra-party indicator on transactions in asset-backed securities and asks if this same provision should be extended to additional Securitized Products including CMOs, CMBSs and CDOs. Similarly, the Request for Comment discusses use of an indicator in reporting transactions that meet the definition of a "List or Fixed Offering Price". FIF members believe that in both cases, these upcoming asset-backed security provisions should be applied to additional Securitized Products.

Additionally, members believe to optimize use of resources in making these types of changes to internal systems, it would be helpful to have a more comprehensive view of FINRA's plans for future changes across TRACE-eligible product groups. In the interest of efficiency, FIF wishes to know if similar enhancements are planned for other TRACE-reportable security types.

### **Adjusting Time Frame to the First Settlement Date**

FIF members believe Rule 6730 should be amended to change the time frame for reporting CMOs to the actual first settlement date, rather than "no later than two business days prior to the first settlement date", as proposed. This recommendation is based on the fact that firms are dependent on vendors to provide CUSIPs on a timely basis such that they can be entered into a Security Master File needed to facilitate reporting. Practical experience tells us that the information is not consistently available two days prior to the first settlement date. Although in most cases the information necessary to report will be available within the proposed timeframe, firms are concerned that they will be out of compliance in instances where the CMO CUSIPs are not received two days prior to the first settlement date. A rule amendment to report pre-issuance transactions no later than first settlement will increase our members' ability to comply with the Rule.

### **CUSIP Push to Firms**

FIF members believe a file from FINRA detailing CUSIPs and TRACE-eligibility, pushed at least two business days prior to first settlement, would support FINRA's proposal to amend Rule 6730. Typically, most firms are manually searching for a CUSIP on the expected date. Before the CUSIP is available, firms execute trades using a to-be-announced (TBA) CUSIP. If CUSIP data has not yet been received from the vendor, firms are forced to perform a manual reconciliation to match CUSIPs with the temporarily assigned TBA CUSIPs. A file from FINRA containing CUSIP data and corresponding TRACE-eligibility at least two business days prior to first settlement would allow all firms to obtain data simultaneously, and would increase firms' ability to report on a timely basis and avoid potential errors and omissions in reporting pre-issuance CMOs.

### **Conclusion**

FIF would like to thank FINRA for providing the opportunity to comment on the proposed changes. We believe the above recommendations made by FIF members would be beneficial to firms affected by the proposed changes and would help the industry as a whole. We are particularly interested in

---

<sup>2</sup> The SEC approved amendments to the Trade Reporting and Compliance Engine (TRACE) rules and dissemination protocols to provide for dissemination of transactions in an additional group of asset-backed securities and to reduce the time frame for reporting such transactions, other than Fixed or List Price and Takedown Transactions.

coordinating future changes more closely, and look forward to working further with FINRA on this and future proposals.

Regards,

A handwritten signature in black ink, appearing to read "Darren", with a stylized, cursive flourish extending to the right.

Darren Wasney  
Program Manager  
Financial Information Forum