

FINANCIAL INFORMATION FORUM

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Steve Joachim
Executive Vice President, Transparency Services
FINRA
1 Liberty Plaza
165 Broadway
New York, NY 10006

Re: ORF (OTC Reporting Facility) Migration

Dear Mr. Joachim,

The Financial Information Forum (FIF)¹ would like to take this opportunity to comment on the ORF migration currently scheduled for early first quarter 2014. We appreciate FINRA's participation in the June 2013 Front Office Committee meeting where you addressed some of the concerns FIF members have with the ORF migration.

After carefully reviewing the initial implementation and on-going costs associated with the ORF migration, we respectfully request a March 24, 2014 implementation date for the ORF migration. Additionally, in light of FINRA's commitment to performing cost-benefit analyses in order to minimize the impact of FINRA activities on its members, we encourage FINRA to subject infrastructure/technology changes (e.g., future trade reporting infrastructure modifications) to rigorous cost-benefit studies. FIF would welcome the opportunity to participate in such studies and offer implementation alternatives that might minimize the total cost to the industry of such modifications. A discussion of both of these requests follows.

FIF Request: March 24, 2014 Implementation Date

We are concerned that an early first quarter implementation date does not allow sufficient time for testing and rollout of all changes associated with the ORF migration. It is important to note that additional work is required to migrate to the new ORF platform beyond coding to the new specifications. FIF members have identified the following activities associate with the migration:

- Establish and maintain new ports to support a connection to the new platform.²
- Perform a gap analysis between the new and current specifications.
- Code to new specifications that introduce new fields not in current specifications.³

¹ FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the financial technology 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.

² Some firms may be able to leverage their existing CTCL connection for TRACE reporting but all connections via FIX will require a new port.

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- Establish new logic to bifurcate OTC and NMS security trade reporting.
- Re-paper existing clearing agreements (i.e., verifying that QSRs are current, updating and/or establishing FINRA Uniform Services Agreements (Uniform Service Bureau/Executing Broker Agreement)).
- Remediate compliance workflows, policies and procedures to accommodate FINRA-equivalent to current Equity Trade Journal
- Perform impact analysis associated with the loss of Super Cap and Blockbuster functionality that will not be offered on the new platform
- Train traders and compliance staff to work with new ORF interfaces
- Establish procedures for updating trade reporting processes when a security moves from the OTC market and becomes an NMS stock.
- Accommodate ongoing operations and trading support of similar functionality for OTC and NMS securities across two platforms.

Migrating to the new ORF platform is not a trivial change. Establishing a March 24, 2014 implementation date would allow firms the necessary time to perform analysis and development in 2013 and then move past year-end code freezes in order to have adequate time to complete testing and bug fixes in early 2014.

FIF Request: Perform Cost-Benefit Analysis on Future Infrastructure Changes

FIF would like to applaud FINRA's institution of a retrospective rule review that will subject select rules to rigorous cost-benefit analysis.⁴ Considering costs and alternative implementation methodologies to reduce cost is critical to establishing efficient and effective rules. We encourage FINRA to also perform similar cost-benefit analysis on infrastructure/technology changes that are not subject to the rule-making process. As the ORF migration initiative has shown, the costs of infrastructure/technology changes may in some cases exceed those of regulatory changes. We anticipate that firms will not only spend scarce resources on implementing ORF but find themselves committing to additional ports, processes, and support costs on an ongoing basis as a result of this implementation. FIF believes these costs may have been avoided if an implementation methodology that was seamless to the broker dealer reporting community had been implemented (i.e., if the front end reporting mechanism remained the same while the back-end platform migrates to the new platform).

We understand FINRA's need to improve its technology and appreciate your willingness to consider our requests. Please contact me at 312-953-9228 or kimmel@fif.com if you have any questions.

Regards,



Manisha Kimmel
Executive Director
Financial Information Forum

cc: Richard G. Ketchum, Chairman & Chief Executive Officer

³ For some firms, there may be a need to support both CTCI and FIX connections.

⁴ [Remarks of Richard G. Ketchum at FINRA Annual Conference, May 21, 2013](#)

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