

FINANCIAL INFORMATION FORUM

5 Hanover Square
New York, New York 10004

212-422-8568

Via Electronic Delivery

November 12, 2013

Elizabeth M. Murphy
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. SR-FINRA-2013-042 - Proposed Rule to Require Alternative Trading Systems to Report Volume Information to FINRA and Use Unique Market Participant Identifiers (MPIDs)

Dear Ms. Murphy,

The Financial Information Forum (FIF)¹ would like to take the opportunity to provide comments on SR-FINRA-2013-042, the proposed rule change requiring Alternative Trading Systems (ATSs) to report volume information to FINRA and use unique MPIDs (“Proposed Rule”). The FIF Front Office Committee has evaluated the Proposed Rule from an implementation perspective and respectfully makes the following recommendations:

1. Establish a simple reporting mechanism for providing volume information to FINRA
2. For ATSs that have a unique MPID, provide the implementation alternative of FINRA-calculated volume information based on ATS trade reporting data
3. Offer the delayed ATS volume information free of charge for all market participants
4. Provide additional guidance as it relates to unique MPID trade reporting

Each of these recommendations is discussed in more detail below.

Establish a Simple Reporting Mechanism For Providing Volume Information To FINRA

FIF recommends that FINRA establish a simple reporting mechanism for reporting ATS aggregate weekly volume information and number of trades, by security, in securities subject to FINRA trade reporting requirements (“volume information”). Specifically, FIF recommends establishing a standard spreadsheet template to be used by all reporting ATSs that would be emailed to FINRA by the reporting deadline. Complying with an email-based reporting requirement could be accomplished within the implementation timeframe. Given that self-reporting will be ultimately replaced by FINRA-calculated

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.

volume information based on ATS trade reporting data, we believe this is the most expedient approach that will also achieve accurate results. We recommend a brief testing period before the public reporting of data to ensure that the volume information provided is being accurately and consistently reported.

Provide Implementation Alternative for ATSs with Unique MPID

As noted in the Proposed Rule, some ATSs already meet the unique MPID requirement which the Proposed Rule seeks to require for all ATSs. For those ATSs that have a unique MPID, FIF recommends that FINRA calculate volume information based on ATS trade reporting data. We believe this will minimize the implementation effort associated with this rule for those ATSs that already have an MPID. Additionally, as ATSs complete the process of establishing a unique MPID, we recommend phasing out self-reporting and allowing FINRA to calculate volume information for these additional ATSs.

Offer ATS Volume Information Free of Charge to All Market Participants

Volume information will be published on a two week delayed basis. We do not believe that this information should be at a cost to any market participant. The effort to establish entitlements and collect fees is not justified given the nature of the data being provided which is both significantly delayed and limited in scope. Much like the SEC Market Structure website, we believe access to this data is important for educational purposes and will better allow market participants to understand and evaluate our current market structure. Analysis of this data should be encouraged through free and unlimited access.

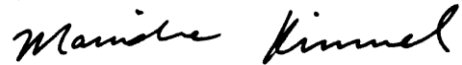
Provide Additional Guidance as It Relates To Unique MPID Trade Reporting

As indicated in the Proposed Rule, establishing a unique MPID has downstream consequences given that unique MPIDs impact OATS and clearing. In addition to system changes, agreements also have to be updated. FIF requests guidance with respect to the selection of the unique MPID as well as the following trade reporting scenarios:

- MPID to select for firms that have multiple MPIDs associated with their ATS
- Rules for how the media leg should be trade reported
- Ability for firms to phase-in use of unique MPID for trade reporting before the implementation deadline
- Ability for firms to phase-in reliance on FINRA for calculating volume information and cease self-reporting
- Rules for trade reporting of scenarios where an ATS receives order flow from an executing broker that is part of the same broker dealer and there are two crossing transactions. Please review each of the following scenarios:
 - Broker-dealer client vs. broker-dealer client – crossing in the ATS
 - Broker-dealer client vs. FINRA broker-dealer subscriber (MPID 'ABCD')
 - FINRA broker-dealer (MPID 'ABCD') vs. FINRA broker-dealer (MPID 'DEFG')
 - Non-FINRA broker-dealer vs. broker-dealer client
 - Non-FINRA broker-dealer vs. FINRA broker-dealer (MPID 'ABCD')

We would welcome the opportunity to discuss our recommendations which we believe will reduce the implementation effort associated with the Proposed Rule.

Regards,

A handwritten signature in black ink that reads "Manisha Kimmel". The signature is written in a cursive style with a large initial 'M'.

Manisha Kimmel
Executive Director
Financial Information Forum

cc: The Honorable Mary Jo White, Chairman
The Honorable Luis A. Aguilar, Commissioner
The Honorable Daniel J. Gallagher, Commissioner
The Honorable Kara M. Stein, Commissioner
The Honorable Michael S. Piwowar, Commissioner

John Ramsay, Acting Director, Division of Trading and Markets
James R. Burns, Deputy Director, Division of Trading and Markets
David S. Shillman, Associate Director, Division of Trading and Markets

Stephanie Dumont, Senior Vice President and Director of Capital Markets Policy, FINRA
Brant Brown, Associate General Counsel, FINRA