

FINANCIAL INFORMATION FORUM

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Via Electronic Delivery

December 20, 2013

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

Re: File No. SR-FINRA-2013-050, Proposed Rule Change Relating to Over-the-Counter Equity Trade Reporting and OATS Reporting

Dear Ms. Murphy,

The Financial Information Forum (FIF)¹ would like to take the opportunity to provide comments on SR-FINRA-2013-050, Proposed Rule Change Relating to Over-the-Counter Equity Trade Reporting and OATS Reporting ("Proposed Rule"). Having carefully reviewed the Proposed Rule, FIF would like to ask for additional clarification as well as make the following implementation recommendations.

Request for Additional Clarification

FIF asks that the following items be clarified in the approved rule in order for firms to better understand the implementation impact of the Proposed Rule.

- For block transactions, firms often have to sweep multiple market centers. Because there are multiple ISOs routed, which route time would be expected on the trade report? Additionally, while Intermarket Sweep Orders (ISOs) are routed simultaneously, the route times may not be identical; it is possible for the route times to differ by one or more milliseconds. How should firms determine which route time to report for an ISO?
- FIF members are concerned about the potential impact of reporting trades in milliseconds on FINRA "report cards" and matching engines. The current regulatory requirements denote that clocks are required to be synchronized to within one second of NIST. The approved rule should clarify that report cards and matching will be maintained at the 1 second level.

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.

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- For T+365 day trade reporting, will the requirement to include control numbers be on a “go forward basis” only? Will Form T be retired as a result of this change?
- Will there be matching on “step-in” and “step-out” trades?
- Are declined trades that are corrected and subsequently accepted subject to the “20 minute rule²” for trade comparison?

Maintain Current ORF Closing Time

FIF recommends maintaining the current ORF closing time of 8 PM ET in order to maintain consistency with the NMS equity trade reporting facilities (TRFs). Maintaining consistency reduces the likelihood of errors and allows firms to leverage current workflows that have been in place for several years for both NMS and OTC equity securities. Especially given that only a small percentage of trades are reported after 6:30 PM, the implementation effort to establish a separate workflow for such a small percentage of trades seems unjustified. An 8 PM ET closing time is especially valuable when a firm is trying to resolve operational issues and complete processing before the end of the day.

Implementation Effort/Timeframe

FINRA proposes that the effective date of the Proposed Rule to the trade reporting rules be no earlier than April 15, 2014, and no later than September 30, 2014, and the effective date of the proposed rule change to the OATS rules will be no later than 45 days after Commission approval. FIF members are generally supportive of FINRA's proposals regarding implementation timeframes. It should be noted however, that it is our understanding that the OATS and trade reporting millisecond requirement was not intended to introduce a significant burden on firms and that only those systems that capture millisecond time stamp in a reportable format are required to be reported. Additionally, it is our understanding that only those systems capable of reporting in milliseconds will have to meet this requirement. Thus, it is possible to have some events reported in milliseconds and others reported in seconds as a result of differences in system capabilities.

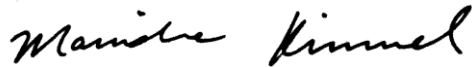
There are numerous changes required by the Proposed Rule which together will require significant development effort. Modifications will be required to several systems including front end systems and those that support ISO order routing and step-outs/ins. Specifically, with respect to Step Ins, additional testing would be needed to ensure that existing workflows and systems are updated to recognize the distinction between a step –in vs. a step-out. In addition to modifying systems for the Proposed Rule, firms are currently working on the OTC Equity Reporting Facility (ORF) migration to the new platform which will not be complete until April 28, 2014. As stated in the filing, FINRA is considering an implementation timeframe between April and September 2014. FIF members are concerned that a proposed implementation date of September 2014 may not take into account the time required to weigh comments, potentially

² See Rules 7130(b), 7230A(b) and 7330(b).

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modify the proposal, and specify and publish the required new technical requirements for the FINRA/NASDAQ and FINRA/NYSE trade reporting facilities (TRFs). FIF recommends a nine month implementation timeframe from rule approval contingent upon the release of TRF specifications within seven months and the availability of a robust test environment within three months of the implementation date.³

Regards,



Manisha Kimmel
Executive Director
Financial Information Forum

³ In light of the ORF migration, FIF recommends allowing the additional time fields for stop stock and prior reference price transactions to be reported beginning April 28, 2014. The additional fields are already included in the technical specifications for the new platform. FIF members have expended considerable resources coding the software necessary to meet FINRA requirements and should be allowed to report the two times in conformance with FINRA's technical specifications beginning April 28, 2014.