

FINANCIAL INFORMATION FORUM

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By electronic mail to pubcom@finra.org and through the MSRB comment form

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Ronald W. Smith
Corporate Secretary
MSRB
1300 I Street NW
Washington, DC 20005

Re: FINRA Regulatory Notice 22-17: FINRA Requests Comment on a Proposal to Shorten the Trade Reporting Timeframe for Transactions in Certain TRACE-Eligible Securities From 15 Minutes to One Minute; MSRB Notice 2022-07: Request for Comment on Transaction Reporting Obligations under MRBR Rule G-14

Dear Ms. Mitchell and Mr. Smith,

The Financial Information Forum (“FIF”)¹ appreciates the opportunity to comment on Regulatory Notice 22-17 (the “FINRA Regulatory Notice”) published by the Financial Industry Regulatory Authority (“FINRA”).² In the FINRA Regulatory Notice, FINRA solicits comment “on a proposal to amend Rule 6730 to reduce the Trade Reporting and Compliance Engine (TRACE) trade reporting timeframe for transactions in all TRACE-Eligible Securities that currently are subject to a 15-minute reporting timeframe.”³ As proposed by FINRA, “members would be required to submit a report to TRACE as soon as practicable (as is currently the case), but no later than one minute from the time of execution, for

¹ FIF (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 broker-dealers, exchanges, back office service bureaus, and market data, regulatory reporting and other technology vendors in the securities industry. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

² FINRA Regulatory Notice 22-17, “TRACE Reporting Timeframe, FINRA Requests Comment on a Proposal to Shorten the Trade Reporting Timeframe for Transactions in Certain TRACE-Eligible Securities From 15 Minutes to One Minute” (August 2, 2022), available at <https://www.finra.org/sites/default/files/2022-08/Regulatory-Notice-22-17.pdf> (“FINRA Regulatory Notice 22-17”).

³ FINRA Regulatory Notice 22-17, p. 1

transactions in corporate bonds, agency debt securities, asset-backed securities and agency pass-through mortgage-backed securities traded to-be-announced for good delivery.”⁴

FIF further appreciates the opportunity to comment on MSRB Notice 2022-07 (the “MSRB Notice”) published by the Municipal Securities Rulemaking Board (the “MSRB”).⁵ In the MSRB Notice, “the MSRB is seeking input on a potential amendment to Rule G-14 to require that, absent an exception, transactions are reported as soon as practicable, but no later than within one minute of the Time of Trade.”⁶

Given the parallel nature of the two regulatory proposals, FIF is submitting a single comment letter to FINRA and the MSRB that covers both regulatory proposals.

Providing an exception for manual trade executions

In most cases, it is not feasible for a firm to report a trade to the FINRA Trade Reporting and Compliance Engine system (“TRACE”) or the MSRB Real-Time Transaction Reporting System (“RTRS”) within one minute if the trade has been executed manually. Manual trading is common in fixed income securities for various reasons, including the very large universe of fixed income securities, the limited trading activity in many of these securities, the substitutability (i.e., correlations in pricing) of many of these securities, the use of fixed income trading in hedging strategies, trading that involves a basket or portfolio of bonds, intermediation by inter-dealer brokers, and the participation of smaller firms in this market where executing and reporting trades automatically is not financially feasible for these firms. Manual trading provides important value for retail and institutional investors. Absent an exception for manual trade executions, the FINRA and MSRB rule proposals would severely impair the ability of firms to continue to trade manually. Restricting how firms can trade will result in less liquidity and wider spreads and ultimately will be to the significant detriment of end investors. Requiring that manual trades be reported within one minute, in addition to adversely impacting larger dealers (including banks) and their customers, will adversely impact a very significant number of small and mid-size dealers (including banks) and their customers.

To address this challenge, FIF members recommend that FINRA and the MSRB provide different reporting timeframes for manual and electronic trade executions. More specifically, electronic trade executions would be reportable as soon as practicable and no later than within one minute of the trade time while manual trade executions would continue to be reportable within fifteen minutes after the trade time. This would require adding a field to the TRACE and RTRS systems for an executing dealer to report whether a trade was executed manually or electronically. One benefit of this approach is that a firm that cannot practically report on a manual basis within one minute still has a regulatory incentive to report within fifteen minutes.

⁴ FINRA Regulatory Notice 22-17, p. 1.

⁵ MSRB Notice 2022-07, “Request for Comment on Transaction Reporting Obligations under MSRB Rule G-14” (August 2, 2022), available at <https://www.msrb.org/-/media/Files/Regulatory-Notices/RFCs/2022-07.ashx??n=1> (“MSRB Notice 2022-07”).

⁶ MSRB Notice 2022-07, p. 1.

Providing guidance on electronic and manual trade executions

To implement the recommendation in the preceding section, it would be important for FINRA and the MSRB to provide written guidance as to when a trade execution would be considered manual or electronic. The Participants of the Consolidated Audit Trail National Market System Plan (the “CAT NMS Plan Participants”), which include FINRA, have provided the following guidance as to when an execution should be considered manual or electronic: “[T]rade events and Order Fulfillment events must be marked as either manual or electronic using the manualFlag field. A Trade event is considered manual when the trade is executed outside of an OMS/EMS and must be manually entered before it can be trade reported.”⁷

FIF members support this guidance from the CAT NMS Plan Participants.⁸ Consistent with the guidance above, FIF members would consider a trade execution to be electronic if at the time of the agreement the material terms of the trade have been entered into a firm’s books and records in a structured format that can be automatically reported to TRACE or RTRS without manual action by a person. For example, if a dealer and a customer agree on a trade by telephone, and a trader at the dealer then enters the terms of the trade into the dealer’s books and records (whether through an electronic system or a written order ticket), this would be considered a manual trade execution. A trade agreed through IM or other “chat system” similarly would be considered a manual execution because the trade terms are not entered in the IM system or other chat system in a structured format (i.e., a format that can be reported to TRACE or RTRS without further manual input). Conversely, if a broker-dealer or customer electronically routes an order to a fixed income alternative trading system (“ATS”) or to a dealer system, and the ATS or dealer system automatically executes the order, this would be considered an electronic trade execution by the ATS or dealer because the terms of the trade can be automatically reported to TRACE or RTRS. If the counter-party routing to the ATS or dealer system is a broker-dealer, the counter-party would have an electronic execution if it were able to report the trade to TRACE or RTRS without manual action by a person and would have a manual execution if manual action by a person at the counter-party were required to report the trade. It might seem unexpected that a trade would be electronic for one side and manual for the other side, but this is a function of TRACE requiring double-sided reporting for scenarios where one side (the electronic side) is the executing firm. In contrast to the approach for TRACE, the Consolidated Audit Trail (“CAT”) requires single-sided reporting for these types of trade executions. In CAT, when one dealer routes an order to a receiving dealer, and the receiving dealer executes the order electronically, the receiving dealer and not the routing dealer is considered the executing party.⁹

⁷ “CAT Reporting Technical Specifications for Industry Members”, Version 4.0.0 r16 (July 29, 2022), available at https://catnmsplan.com/sites/default/files/2022-07/07.29.2022_CAT_Reporting_Technical_Specifications_for_Industry_Members_v4.0.0r16_CLEAN_0.pdf, pp. 35-36.

⁸ FIF members are focused on the guidance from the CAT Plan Participants as to when a trade execution is considered manual or electronic. FIF members are not focused on the guidance from the CAT Plan Participants as to when an order-related event, such as an order route, is considered manual or electronic, as guidance on order-related events is not directly relevant for a transaction reporting system like TRACE or RTRS.

⁹ “CAT Industry Member Reporting Scenarios,” Version 4.9 (March 9, 2022), available at https://catnmsplan.com/sites/default/files/2022-03/03.11.22_Industry_Member_Tech_Specs_Reporting_Scenarios_v4.9_CLEAN_0.pdf, pp. 8-13.

Another scenario to consider is where two dealers negotiate and execute a trade by telephone or chat, and one dealer enters the trade terms in its OMS/EMS and electronically confirms the trade terms to the other dealer. FIF members consider this to be a manual trade execution for both sides. FIF members note that portfolio trades typically are executed and reported electronically because of the challenges with manually inputting a large number of trades within a limited time period. There are a number of different workflows for how bond trades are executed. To ensure that proper guidance is provided, FIF members recommend that FINRA, the MSRB and industry members discuss the various workflows for executing bond trades, and that FINRA and the MSRB provide guidance on whether those workflows would be considered manual or electronic.

If FINRA and the MSRB do not continue to allow fifteen-minute reporting for manual executions, a firm that wants to continue to execute trades manually might need to reach an agreement or understanding with its customers that the execution time for a trade agreed to by phone, IM or chat is the time that the firm inputs the trade into the firm's books and records in a systematized format (i.e., a format that can be reported to TRACE or the RTRS without manual input).

FINRA should provide an option for firms to report non-disseminated data elements on an end-of-day basis

In connection with the proposals by FINRA and the MSRB to achieve one-minute reporting of executed trades, FINRA and the MSRB should provide firms the option to report non-disseminated data elements on an end-of-day basis. This is a best practice that has been adopted for other reporting systems, as discussed below. Trade reporting data elements are the data elements that are subject to public dissemination. These data elements could be subject to one minute reporting, based on the timeframes proposed by FINRA and the MSRB in their respective regulatory notices. Transaction reporting data elements are data elements that are not subject to public dissemination. Firms should have the option to report these transaction reporting data elements on an end-of-day basis.

For TRACE reporting, trade reporting data elements would include the following fields: Instrument/SecurityID; Instrument/SecurityIDSource; LastQty; LastPx; TradeDate (for execution date); TransactionTime (for execution time); and SpecialPricIndicator.¹⁰ For RTRS reporting, trade reporting data elements would include the following tags: 98C (relating to trade date and time); 90A (relating to deal price); 36B (relating to quantity); and 35B (relating to security identifier).¹¹

In contrast to one-minute reporting for the trade reporting elements identified above, firms should have the option to report transaction reporting data elements on an end-of-day basis, as these data elements

¹⁰ Financial Industry Regulatory Authority, "FIX Specifications for the Trade Reporting and Compliance Engine system (TRACE®) Trade Reporting for OTC Corporate Bonds and Agency Debt (Corporates & Agencies), Version 1.4" (March 5, 2018), available at <https://www.finra.org/sites/default/files/CA-trace-fix-specs-v1.4.pdf> ("TRACE FIX Specifications for Corporates and Agencies"), pp. 19 and 21-22.

¹¹ Municipal Securities Rulemaking Board, "Specifications for Real-Time Reporting of Municipal Securities Transactions", Version 4.0 (October 2019), available at [Specifications for Real-Time Reporting of Municipal Securities Transactions \(msrb.org\)](https://www.msrb.org/real-time-reporting-specifications) ("MSRB RTRS Specifications"), pp. 55-56 and 58-59.

are not publicly disseminated. For example, firms should have the option to report the following data elements on an end-of-day basis:

- **Commissions.** The TRACE Commission and CommType fields.¹² The RTRS 19A tag relating to commissions.¹³
- **Settlement.** The TRACE SettDate field.¹⁴ The RTRS 19A, 20C, 22F, 22H, 70C, 70E, 98A and 98B 19A tags relating to settlement, settlement counter-party and settlement amount.¹⁵
- **Capacity.** The TRACE OrderCapacity field.¹⁶ The RTRS 22F tag relating to capacity.¹⁷
- **New proposed data elements that would not be publicly disseminated.** FINRA has proposed certain new data elements for TRACE reporting, such as “a new trading desk or unit identifier field for U.S. Treasury securities reporting to identify the specific desk or unit within a member firm executing the transaction.”¹⁸ While FINRA has proposed this new data element specifically for Treasury securities, FINRA has solicited feedback on whether this data element should be required for other TRACE-reportable securities.¹⁹

The data elements above are examples of trade and transaction reporting elements and are not intended to represent the full list of data elements for each category. FIF members recommend further discussion among FINRA, the MSRB, industry members and service providers to identify which data elements should be subject to one-minute reporting and which data elements firms should have the option to report on an end-of-day basis. This end-of-day timing should be applied when determining whether a firm is late in reporting a transaction reporting data element. Firms that want to continue to report all data elements within one minute through a single transmission should continue to have the option to do so. One important benefit of allowing for these two stages of reporting is that a firm that inputs trades to TRACE manually through the TRACE portal will have fewer data elements to manually input within the required reporting timeframe.

FIF members note that the bifurcation of trade and transaction reporting has been implemented for other reporting systems. For example, the Commodity Futures Trading Commission rules for reporting swaps provide for real-time reporting of data that is to be publicly disseminated²⁰ and T+1 reporting of other transaction-related data.²¹ The Securities and Exchange Commission has permitted firms to report security-based swaps based on these same timeframes.²²

¹² TRACE FIX Specifications for Corporates and Agencies, p. 20.

¹³ MSRB RTRS Specifications, p. 58.

¹⁴ TRACE FIX Specifications for Corporates and Agencies, p. 20.

¹⁵ MSRB RTRS Specifications, p. 56-58.

¹⁶ TRACE FIX Specifications for Corporates and Agencies, p. 19.

¹⁷ MSRB RTRS Specifications, p. 57.

¹⁸ FINRA Regulatory Notice 20-43, “Trade Reporting and Compliance Engine (TRACE): FINRA Requests Comment on Enhancements to TRACE Reporting for U.S. Treasury Securities” (December 23, 2020), available at <https://www.finra.org/sites/default/files/2020-12/Regulatory-Notice-20-43.pdf> (“FINRA Regulatory Notice 20-43”), p. 6.

¹⁹ FINRA Regulatory Notice 20-43, p. 18.

²⁰ 17 CFR §43.3(a)(1).

²¹ 17 CFR §45.3(a)(1).

²² Exchange Act Release No. 34-87780 (December 18, 2019), 85 FR 6270 (February 4, 2020), p. 6347.

The Markets in Financial Instruments Regulation (“MiFIR”) adopted by the European Parliament and Council similarly distinguishes between real-time trade reporting, for data that must be publicly disseminated in real-time, and T+1 transaction reporting, for data that is not subject to public dissemination.²³ Under MiFIR, this bifurcation of trade and transaction reporting applies to multiple financial instruments, including equities, ETFs, bonds, structured finance products and derivatives.²⁴

Electronic trade executions

FIF members note that firms also could have challenges with reporting electronic executions within one minute after execution because some trades are transmitted across multiple firm and vendor systems before they are reported to TRACE or RTRS. Some firms and reporting vendors will need to implement system and workflow changes to ensure that they can report all electronic executions within one minute. The need for firms to perform this work should be considered when setting the implementation timeframe for the proposed changes.

The current RTRS workflow is not suitable for reporting trades within a one-minute timeframe

The current workflow for reporting trades to RTRS is not suitable for reporting trades within a one-minute timeframe due to multiple layers that reports often pass through before they are received by RTRS. The first layer exists because a firm cannot submit a trade report directly to RTRS. Instead, a firm must submit a trade report to RTRS via the Real-Time Trade Matching system (“RTTM”), which is operated by the National Securities Clearing Corporation.²⁵ A second layer is introduced because an executing firm that is not a clearing firm is not able to report trades directly to RTTM. Instead, the executing firm can only report a trade to RTRS through its clearing firm. This is because the clearing firm, and not the executing firm, is the only firm permitted to submit to RTTM. A third layer is often introduced because clearing firms do not necessarily report to RTTM themselves, and instead use service providers to connect to RTTM. One reason for firms to outsource this function to service providers is that RTTM does not accept FIX and requires that messages be submitted in SWIFT format.²⁶

Before one-minute reporting can be implemented for municipal bonds, it is important that the regulators provide a mechanism to enable direct reporting of municipal bond trades by broker-dealers (including executing brokers that are not clearing firms) and their service providers. One approach that the MSRB should consider is to allow broker-dealers (including executing brokers that are not clearing firms) and service providers to report trades in municipal bonds directly to TRACE via FIX. In addition to reducing unnecessary delays in the current RTRS trade reporting process that result from the multiple layers described above, this approach would enable broker-dealers to report using FIX rather than

²³ “Regulation (EU) No 600/2014 of the European Parliament and of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012”, available at <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0600&from=EN> (“MiFIR”), Articles 6 and 10.

²⁴ MiFIR, Article 26.

²⁵ MSRB RTRS Specifications, p. 10.

²⁶ MSRB RTRS Specifications, p. 12.

SWIFT.²⁷ Allowing firms to submit trades in municipal bonds directly to TRACE via FIX also will reduce the burden for firms in simultaneously implementing the TRACE and RTRS reporting changes and reduce the ongoing reporting burden for firms. FIF members note that in the past TRACE reporting was similarly effected through RTTM²⁸ and that FINRA subsequently updated TRACE reporting to provide for direct reporting to TRACE.

If the MSRB decides not to allow reporting of municipal bond trades through TRACE, FIF members recommend that the implementation period for the RTRS reporting changes be postponed until a reasonable period after the TRACE reporting changes have been implemented. This will avoid firms being overburdened with implementing reporting changes for two different systems at the same time.

Trades executed when the TRACE system is not open

In the FINRA Regulatory Notice, FINRA proposes that trades executed when the TRACE system is not open and trades executed between 6:29 and 6:30 pm on days when the TRACE system is open be reportable within one minute after the next opening of the TRACE system.²⁹

FIF members note that the FINRA rules for the FINRA/Nasdaq and FINRA/NYSE Trade Reporting Facilities (“TRFs”) provide for reporting of trades executed when the TRFs are not open by 8:15 am after the next opening of the applicable Trade Reporting Facility.³⁰ This fifteen-minute reporting period is provided for TRF reporting even though FINRA rules require that trades executed while the TRF systems are open be reported within 10 seconds.³¹ FINRA currently provides the same approach for TRACE reporting.³² FIF members recommend that FINRA maintain the same approach for TRACE reporting as currently applied by FINRA for TRF and TRACE reporting.

FIF members have found the fifteen-minute period for reporting overnight trades to be important in ensuring that an appropriate review of overnight trades is being performed by U.S.-based staff prior to submission to FINRA. FIF members also are concerned about technical challenges with reporting within one minute after the opening of TRACE.³³ One challenge with requiring firms to report to TRACE by 8:01 am is that firms are not able to connect to TRACE prior to 8:00 am. This means that connectively and reporting must occur within one minute at the same time as many other industry members are seeking connectivity to TRACE.

The MSRB Notice does not appear to propose a change to the current MSRB requirement that “transactions effected with a Time of Trade outside the hours of the RTRS Business Day shall be

²⁷ SWIFT is the required format for reporting to RTTM. MSRB RTRS Specifications, p. 12.

²⁸ FINRA, “Programming Specifications for Trade Reporting to the FINRA Trade Reporting and Compliance Engine (TRACE) via the NSCC RTTM System”, Version 2.4 (January 20, 2010), available at <https://www.finra.org/sites/default/files/AppSupportDoc/p120744.pdf>.

²⁹ FINRA Regulatory Notice 22-17, p. 4.

³⁰ FINRA Rules 6380A(a)(2)(C), 6380A(a)(2)(D), 6380B(a)(2)(C) and 6380B(a)(2)(D).

³¹ FINRA Rules 6380A(a)(1) and 6380B(a)(1).

³² FINRA Rules 6730(a)(1)(A), 6730(a)(1)(C) and 6730(a)(1)(D).

³³ FINRA Rules 6730(a)(1)(A), 6730(a)(1)(C) and 6730(a)(1)(D).

reported no later than 15 minutes after the beginning of the next RTRS Business Day.”³⁴ For the reasons discussed above, FIF members support this decision by the MSRB.

Securities that are not in a firm’s security master or the FINRA or MSRB security master

According to a 2017 report by the Plan Participants of the Consolidated Audit Trail National Market System Plan,

“... there are significantly more issuances of debt securities as compared with equity securities. Many public companies may have only one class of stock, but can issue numerous types of bonds with different yields, maturities, and denominations. For example General Electric has only one class of stock, but it has issued over 1,000 unique bonds (footnotes omitted).³⁵

The 2017 report indicates that the number of CUSIPs for debt securities greatly exceeds the number of CUSIPs for equity securities. According to the report, as of January 1, 2017 there were 1,600,831 CUSIPs for debt securities and 25,877 CUSIPs for equity securities.³⁶

Given the large number of CUSIPs for debt securities, it is challenging for some firms to maintain a full list of CUSIPs for debt securities. These FIF member firms request that FINRA and the MSRB provide an exception from the one-minute reporting requirement for a security that is not in a firm’s security master as of the trade time. This exception also should apply if the security is not in the security master maintained by the desk at the firm that is executing the trade. If a firm maintains separate security masters for different customers, this exception should apply where the security is not in the security master that the firm maintains for the customer that is executing the trade. In each of these scenarios, the firm will need the current fifteen-minute timeframe to add the security to its applicable security master and report the trade to TRACE or the RTRS, as applicable. At a minimum, FINRA should provide an exception from the one-minute reporting requirement for a security that is not in the FINRA or MSRB security master as of the trade time, as it would not be possible for a firm to report a trade within one minute in this scenario.

FIF members also request that FINRA post in a manner that can be accessed automatically by firms the most recent time that FINRA has updated its TRACE security master for each TRACE reporting system. Industry members need to synchronize their internal security masters with the FINRA security masters on an ongoing basis. This is a complex process and is necessary for firms to maintain the most up-to-date list of TRACE reportable securities. Providing this timestamp data will reduce unnecessary processing by firms and assist firms in maintaining updated security masters for TRACE reporting.

³⁴ MSRB Rule G-14 RTRS Procedures, paragraph (a)(iii).

³⁵ “Discussion of the Potential Expansion of the Consolidated Audit Trail Pursuant to Section 6.11 of the CAT NMS Plan Prepared by the Participants to the CAT NMS Plan” (prepared May 15, 2017, amended July 19, 2017), available at <https://www.sec.gov/divisions/marketreg/consolidated-audit-trail-expansion-report-amended-071917.pdf> (“CAT Plan Participant Discussion”), p. 6.

³⁶ CAT Plan Participant Discussion, p. 8.

The TRACE reporting rules currently provide for T+1 reporting for List and Fixed Offering Price Transactions and Takedown Transactions.³⁷ T+1 reporting is provided for these transactions because the CUSIP often is not known until end-of-day on trade date. For the same reason, FIF members recommend that FINRA also allow T+1 reporting of secondary-market transactions that occur on the first day of trading of a security. FIF members propose that this exception be available subject to the firm reporting a new modifier to be designated by FINRA. This could be achieved through the creation of a new “Trading Market Indicator” value.³⁸

The MSRB Rule G-14 RTRS Procedures similarly provide for end-of-day reporting for a List Offering Price/Takedown Transaction.³⁹ End-of-day reporting is provided for these transactions because the CUSIP often is not known until end-of-day on trade date. For the same reason, FIF members recommend that the MSRB also allow end-of-day reporting of secondary-market transactions that occur on the first day of trading of a security. FIF members propose that this exemption be available subject to the firm reporting a new modifier to be designated by the MSRB.

Cancel and corrects

FIF members request that FINRA and the MSRB provide additional clarification as to how cancels and corrects are reflected in the data provided in the respective regulatory notices on the percentage of transactions that are reported within specific timeframes. As an example, for purposes of the trade reporting statistics provided in the regulatory notices, if a trade is initially reported within 15 minutes and cancelled or corrected after 15 minutes, is this counted as one trade that is reported within 15 minutes and one trade that is reported after 15 minutes? Alternatively, is this only counted as one trade that is reported after 15 minutes? FIF members also would like to understand the impact of these cancels and corrects on the statistics set forth in the regulatory notices and the percentage of corrects that relate to transaction-reporting fields (as compared to the percentage of corrects that relate to trade reporting fields and the percentage of cancels).

FIF members recommend that FINRA count cancels and corrects separately from other late reports when reporting back to a firm and when evaluating a firm’s TRACE reporting compliance rate.

TRACE report cards

FIF members request that FINRA provide additional detail to firms on their TRACE report cards to indicate the percentage of trades that a firm reports within specific time intervals (for example, within one minute, five minutes, ten minutes, and fifteen minutes) and how the firm compares to the industry average for each time interval. This data can be broken out further by other relevant categories, such as trade size. This data will assist firms in better understanding how their reporting timeframes compare to the industry averages.

³⁷ FINRA Rule 6730(a)(2).

³⁸ TRACE FIX Specifications for Corporates and Agencies, p. 32.

³⁹ MSRB Rule G-14 RTRS Procedures, paragraph (a)(ii)(A).

Implementation timeframe

The implementation timeframe for firms will depend on the scope of the final rules that are adopted by FINRA and the MSRB. In particular, in connection with these proposals, FINRA and the MSRB should allow for bifurcated reporting of trade and transaction data, and sufficient time would be required to implement this. Further, if FINRA and the MSRB will require one-minute reporting for manual trades, this will mean a multi-year effort for many firms to change their trade execution workflows, implement new front-end trading systems and downstream books and records and reporting systems, upgrade existing front-end, downstream and reporting systems, implement new connectivity with counterparties, and upgrade existing connectivity with counterparties. If FINRA and the MSRB will continue to allow fifteen minute reporting for manual trades, this type of multi-year effort would not be required. To ensure that industry members will have sufficient time to properly implement any reporting changes that are adopted, any timetable should run from the date that FINRA and the MSRB publish technical specifications and interpretive FAQs.

FIF appreciates the opportunity to comment on FINRA Regulatory Notice 22-14 and MSRB Notice 2022-07. If you would like clarification on any of the items discussed in this letter or would like to discuss further, please contact me at howard.meyerson@fif.com.

Very truly yours,

/s/ Howard Meyerson

Howard Meyerson
Managing Director, Financial Information Forum