

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-99487; File No. SR-FINRA-2023-015)

February 7, 2024

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving Proposed Rule Change Relating to Dissemination of Information on Individual Transactions in U.S. Treasury Securities and Related Fees

I. Introduction

On November 2, 2023, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to (1) amend FINRA Rules 6710 and 6750 to provide for end-of-day dissemination of data for individual transactions in U.S. Treasury Securities that are On-the-Run Nominal Coupons reported to FINRA’s Trade Reporting and Compliance Engine (“TRACE”) with specified dissemination caps for large trades, and (2) amend FINRA Rule 7730 to include U.S. Treasury Securities within the existing fee structure for end-of-day and historic TRACE data. The proposed rule change was published for comment in the Federal Register on November 9, 2023.³ The Commission received comments in response to the proposal.⁴ FINRA responded to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 98859 (November 3, 2023), 88 FR 77388 (November 9, 2023) (“Notice”).

⁴ Comments received on the proposed rule change are available at: <https://www.sec.gov/comments/sr-finra-2023-015/srfinra2023015.htm>. One comment did not address the substance of FINRA’s proposal. See Letter to Vanessa Countryman, Secretary, Commission, from Adam Deyo (November 18, 2023) (“Deyo Letter”).

the comments on December 14, 2023.⁵ On December 19, 2023, the Commission extended until February 7, 2024, the time period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.⁶ This order approves the proposed rule change.

II. Description of the Proposed Rule Change

Since 2016, FINRA has undertaken a series of initiatives in consultation with the U.S. Department of the Treasury (“Treasury Department”) to increase transaction reporting and transparency in the market for U.S. Treasury Securities.⁷ On July 10, 2017, FINRA members began reporting information on transactions in U.S. Treasury Securities to TRACE.⁸ On March 10, 2020, FINRA began to publicly disseminate aggregate data on U.S. Treasury Securities trading volume on a weekly basis.⁹ In February 2023, FINRA increased the cadence of the

⁵ Letter to Vanessa Countryman, Secretary, Commission, from Racquel Russell, Senior Vice President, Director of Capital Markets Policy, FINRA (December 14, 2023) (“FINRA Response Letter”).

⁶ See Securities Exchange Act Release No. 99204 (December 19, 2023), 88 FR 88997 (December 26, 2023).

⁷ “U.S. Treasury Security” means a security, other than a savings bond, issued by the Treasury Department to fund the operations of the federal government or to retire such outstanding securities. The term “U.S. Treasury Security” also includes separate principal and interest components of a U.S. Treasury Security that have been separated pursuant to the Separate Trading of Registered Interest and Principal of Securities (“STRIPS”) program operated by the Treasury Department. See FINRA Rule 6710(p).

⁸ See FINRA Regulatory Notice 16-39 (October 2016); see also Securities Exchange Act Release No. 79116 (October 18, 2016), 81 FR 73167 (October 24, 2016) (Order Granting Accelerated Approval of File No. SR-FINRA-2016-027).

⁹ See FINRA Press Release, FINRA Launches New Data on Treasury Securities Trading Volume, <https://www.finra.org/media-center/newsreleases/2020/finra-launches-new-data-treasury-securities-trading-volume>; see also Securities Exchange Act Release No. 87837 (December 20, 2019), 84 FR 71986 (December 30, 2019) (Order Approving File No. SR-FINRA-2019-028). FINRA also made historical weekly aggregate data for transactions in

aggregated volume data it publishes for U.S. Treasury Securities to daily, and enhanced the content of the aggregate data.¹⁰ Information reported to TRACE regarding individual transactions in U.S. Treasury Securities is currently used for regulatory and other official sector purposes, but not disseminated publicly.¹¹ In November 2022, the Treasury Department proposed a policy of publicly releasing secondary market transaction data for On-the-Run Nominal coupons,¹² with end-of-day dissemination and with appropriate cap sizes.¹³

Dissemination of Transaction-Level Information

Under the proposed rule change, FINRA would begin disseminating individual transaction information for On-the-Run Nominal Coupon U.S. Treasury Securities on an end-of-day basis. The disseminated transaction information would be anonymized, *i.e.*, it would not include the market participant identifier (“MPID”) or other information that could be used to

U.S. Treasury Securities reported since January 2019 available for download on its website.

¹⁰ See Technical Notice, Enhancements to Aggregated Reports and Statistics for U.S. Treasury Securities, <https://www.finra.org/filing-reporting/trace/enhancements-weekly-aggregated-reports-statistics-jan2023>.

¹¹ FINRA makes data regarding individual transactions in U.S. Treasury Securities available to the official sector to assist in monitoring and analysis of the U.S. Treasury Securities market. The Treasury Department, the Board of Governors of the Federal Reserve, the Federal Reserve Bank of New York, the Commission, and the Commodity Futures Trading Commission comprise the Inter-Agency Working Group for Treasury Market Surveillance (“IAWG” or “official sector”).

¹² See *infra* text accompanying notes 14-15 for a definition of On-the-Run Nominal Coupon.

¹³ See Treasury Department, Additional Public Transparency in Treasury Markets, 28-29 (November 2022), <https://home.treasury.gov/system/files/221/TBACCharge1Q42022.pdf>; Remarks by Under Secretary for Domestic Finance Nellie Liang at the 2022 Treasury Market Conference (November 16, 2022), <https://home.treasury.gov/news/press-releases/jy1110>.

identify parties to the trade. However, consistent with other TRACE products, the disseminated transaction information would include counterparty type (i.e., dealer, customer, affiliate, or alternative trading system (“ATS”)), a flag to indicate whether the trade was executed on an ATS, and other trade modifiers and indicators.

To implement such dissemination, FINRA proposed to amend Rule 6750(c)(5) (to be redesignated as Rule 6750(d)(5)) to provide that FINRA would not disseminate information on a transaction in a TRACE-Eligible Security that is a U.S. Treasury Security “other than an On-the-Run Nominal Coupon.” FINRA also proposed to add a new paragraph (c) to Rule 6750 providing that FINRA would disseminate information on individual transactions in On-the-Run Nominal Coupons on an end-of-day basis.¹⁴ To further clarify the scope of transactions subject to individual dissemination under amended Rule 6750, FINRA proposed to add as new paragraph (ll) of Rule 6710 (Definitions) a definition of “On-the-Run Nominal Coupon,” defined as the most recently auctioned U.S. Treasury Security that is a Treasury note or bond paying fixed rate nominal coupons starting after the close of the TRACE system on the day of its Auction through the close of the TRACE system on the day of the Auction of a new issue for the next U.S. Treasury Security of the same maturity. The definition would specify that On-the-Run Nominal Coupons do not include Treasury bills, STRIPS, Treasury Inflation-Protected Securities, floating rate notes, or any U.S. Treasury Security that is a Treasury note or bond

¹⁴ To accommodate the addition of new paragraph 6750(c), the proposed rule change would redesignate current Rule 6750(c) as Rule 6750(d). The proposed rule change would also make conforming changes to the paragraph cross-references in Rule 6750(a) and Supplementary Material .01 to Rule 6750.

paying a fixed rate nominal coupon that is not the most recently issued U.S. Treasury Security of a given maturity (i.e., off-the-run nominal coupons).¹⁵

Dissemination Protocols

To mitigate concerns about information leakage for large trades, FINRA proposed to implement transaction size caps above which the exact size of the transaction would not be disseminated. In consultation with the Treasury Department, FINRA proposed to apply the following transaction size dissemination caps based on the maturity of the On-the-Run Nominal Coupon at issuance:¹⁶

- Two Years: \$250 million;
- Three Years: \$250 million;
- Five Years: \$250 million;
- Seven Years: \$150 million;
- 10 Years: \$150 million;
- 20 Years: \$50 million; and

¹⁵ FINRA will identify the most recently auctioned U.S. Treasury Security that is a Treasury note or bond paying fixed rate nominal coupons as an “On-the-Run Nominal Coupon” in TRACE reference data beginning on the business day after its auction.

¹⁶ FINRA would incorporate information about these dissemination caps in the TRACE dissemination protocols published on its website, available at <https://www.finra.org/filing-reporting/trade-reporting-and-compliance-engine-trace/trace-reporting-timeframes>. Specifically, information about the dissemination caps would be added as a new bullet in the “Transparency” column of the row of the table describing the protocols for “Treasury Bonds,” to read as follows: “Individual transactions in On-the-Run Nominal Coupons are disseminated on an end-of-day basis with security identifiers (e.g., CUSIP) and the following transaction size caps based on the maturity of the security at issuance: 2 Years: \$250 million; 3 Years: \$250 million; 5 Years: \$250 million; 7 Years: \$150 million; 10 Years: \$150 million; 20 Years: \$50 million; 30 Years: \$50 million.”

- 30 Years: \$50 million.

Thus, for example, a \$200 million transaction in a 10-year On-the-Run Nominal Coupon would be disseminated with a trade size of “150MM+” rather than the actual dollar amount of the trade.¹⁷ In consultation with the Treasury Department and based on ongoing analysis of the data, FINRA may in the future adjust the dissemination caps to maintain an appropriate balance between the benefits of transparency and the threat of information leakage. Any proposed changes to the dissemination caps would be filed with the Commission pursuant to Section 19(b)(1) of the Act.

Dissemination Fees

FINRA also proposed to expand the existing fee framework for the TRACE End-of-Day Transaction File¹⁸ and the Historic TRACE Data¹⁹ to include data products providing information on individual transactions in On-the-Run Nominal Coupons. Generally, Historic TRACE Data includes the same information as provided in the End-of-Day TRACE Transaction

¹⁷ As described further below, these dissemination caps would apply for the end-of-day dissemination file. Consistent with its approach to other TRACE data products, FINRA also plans to provide a Historic TRACE data product covering the same scope of transactions, which would provide the actual, uncapped transaction sizes on a six-month delay.

¹⁸ The End-of-Day TRACE Transaction File includes all Real-Time TRACE transaction data collected from that day. The File is separately available for each data set for which Real-Time TRACE transaction data is available (i.e., the Corporate Bond Data Set, Agency Data Set, Securitized Product (“SP”) Data Set, and Rule 144A Data Set) and made public after the TRACE system closes each day.

¹⁹ The Historic TRACE Data is also made separately available for each data set after a fixed delay period that varies by asset type. Historic Corporate Bond and Historic Agency Data are delayed a minimum of six months; Historic SP Data is delayed a minimum of 18 months; and Historic Rule 144A Data carries a delay consistent with the delay period applicable to the component security type (e.g., the delay for a Rule 144A transaction in a SP is 18 months, while the delay for a Rule 144A transaction in a corporate bond is six months).

File, except that the Historic TRACE Data does not include dissemination caps for large transactions. Historic Treasury Data would also be subject to a minimum six-month delay, as is the case for the existing Historic Corporate Bond and Historic Agency Data sets.²⁰ FINRA proposed that the End-of-Day TRACE Transaction File and Historic Data include a new set of data for U.S. Treasury Securities with the same fees that exist for other sets of TRACE-Eligible Securities.²¹

III. Summary of Comments and FINRA’s Response

The Commission received comments on the proposed rule change²² and a response letter from FINRA.²³ Several commenters support the proposal and advocate further expansion of the reporting framework to include transactions in different classes of securities and shortened reporting timeframes.²⁴ Of these commenters, one advocates setting concrete parameters for

²⁰ A conforming change would also be made in the description of Historic TRACE Data in Rule 7730(d) to add the Historic Treasury Data Set to the list of data sets comprising Historic TRACE Data.

²¹ The current fee for the End-of-Day TRACE Transaction File is \$750/month per data set, with a lower \$250/month per data set fee available to qualifying Tax-Exempt Organizations. The fee for Historic TRACE Data is \$2,000/calendar year per data set, with a lower \$500/calendar year per data set fee available to qualifying Tax-Exempt Organizations. A single fee of \$2,000 for development and set-up to receive Historic TRACE Data also applies, with a lower \$1,000 development and set-up fee available to qualifying Tax-Exempt Organizations. See Rule 7730. As for other types of TRACE-Eligible Securities, FINRA also anticipates making transaction information for On-the-Run Nominal Coupons available free of charge for personal, non-commercial purposes only through FINRA’s Fixed Income Data website, available at <https://www.finra.org/finra-data/fixed-income>.

²² See supra note 4.

²³ See supra note 5.

²⁴ See Letter to Vanessa Countryman, Secretary, Commission, from Stephen John Berger, Managing Director, Global Head of Government and Regulatory Policy, Citadel (November 30, 2023) (“Citadel Letter”) at 1-2; Letter to Vanessa Countryman, Secretary,

evaluating the effects of the proposal and a timeline for expanding reporting obligations.²⁵ Three of these commenters underscore the positive influence of market transparency on fairness, efficiency, and pricing.²⁶

Some commenters state that the scope of securities subject to transaction-level dissemination in the proposal should not have been limited to On-the-Run Nominal Coupons.²⁷ One commenter suggests transaction-level dissemination be expanded to include transactions in every security in the U.S. Treasury Security market,²⁸ while two others suggest initially subjecting to dissemination transactions in first, second, and third old off-the-run U.S. Treasury Securities.²⁹ Two of these commenters further suggest (1) shortening the reporting timeframe to at most 15 minutes to harmonize Treasury market data with data in other TRACE-eligible securities;³⁰ and (2) calculating transaction size caps based on a percentage of notional volume to

Commission, from Gerard O'Reilly, Co-CEO and Chief Investment Officer, and David A. Plecha, Global Head of Fixed Income, Dimensional (November 30, 2023) ("Dimensional Letter") at 1; Letter to Vanessa Countryman, Secretary, Commission, from Joanna Mallers, Secretary, FIA Principal Traders Group (November 30, 2023) ("FIA PTG Letter") at 1; Letter to Vanessa Countryman, Secretary, Commission, from Jiří Król, Deputy CEO, Global Head of Government Affairs, AIMA (December 20, 2023) ("AIMA Letter") at 2.

²⁵ See FIA PTG Letter at 2. Additionally, this commenter recommends the Commission reassess the economic analyses for certain Commission rule proposals taking into consideration the impact of this FINRA proposal on the economic baselines. See *id.* This comment is out of scope for this proposed rule change because it does not address the substance of this specific proposed rule change.

²⁶ See Citadel Letter at 1; Dimensional Letter at 1; AIMA Letter at 2.

²⁷ See generally Dimensional Letter; Citadel Letter; AIMA Letter.

²⁸ See Dimensional Letter at 2.

²⁹ See Citadel Letter at 2; AIMA Letter at 2.

³⁰ See Citadel Letter at 2; AIMA Letter at 2.

ensure market participants have a timely view of a sufficient portion of transaction and pricing data.³¹ One of these commenters also requests information regarding the percentage of notional volume that would be capped under FINRA’s proposed thresholds.³² Notwithstanding its suggestions, this commenter describes FINRA’s proposal as a “welcome first step.”³³

In response to suggestions that FINRA expand the scope of U.S. Treasury Securities subject to reporting and shorten reporting timeframes, FINRA states that future proposals would be based on careful analysis and subject to proposed rule changes filed with the Commission pursuant to Section 19(b)(1) of the Act.³⁴ FINRA also produces data showing the percentage of notional transaction volume that would have been capped under the proposed thresholds during the period from September 1, 2022, to February 28, 2023, for different duration U.S. Treasury Securities.³⁵

While two commenters support the proposal’s stated objective to increase transparency in the market for U.S. Treasury Securities, they raise concerns that transaction-level transparency, if

³¹ See Citadel Letter at 3; AIMA Letter at 2.

³² See Citadel Letter at 2-3.

³³ Citadel Letter at 1.

³⁴ See FINRA Response Letter at 3, n.5.

³⁵ “For the two-year, three-year, and five-year notes (which would be subject to a \$250 million cap), 14.21 percent, 14.76 percent, and 5.96 percent of notional volume traded, respectively, would have been capped upon dissemination (i.e., because the size of the trade was greater than \$250 million); for the seven-year and 10-year notes (which would be subject to a \$150 million cap), 15.27 percent and 6.49 percent of notional volume traded, respectively, would have been capped upon dissemination (i.e., because the size of the trade was greater than \$150 million); and for the 20-year and 30-year bonds (which would be subject to a \$50 million cap), 19.87 percent and 14.87 percent of notional volume traded, respectively, would have been capped upon dissemination (i.e., because the size of the trade was greater than \$50 million). Across all maturities, 10.30 percent of notional volume traded would have been capped.” FINRA Response Letter at 3.

mandated without careful calibration, could cause information leakage, discourage transactions, and hurt market liquidity, especially in any potential future expansions of the proposal.³⁶ One of these commenters states that FINRA should collect and analyze at least 12 months of data under the proposed regime before expanding the scope of reporting obligations in any way.³⁷

Both of these commenters refer to the importance of disclosure limitations as a means of reducing information leakage.³⁸ Both commenters support aspects of the proposal that limit transaction-level dissemination to transactions in On-the-Run Nominal Coupons,³⁹ cap disclosed transactions at set thresholds,⁴⁰ and delay dissemination to the end of each day.⁴¹ One of these commenters, despite supporting dissemination caps in principle, states that FINRA has not made clear the methodology and metrics used to determine cap levels.⁴² The commenter requests FINRA explain how it determined the caps and provide data supporting the thresholds it proposed.⁴³

³⁶ See Letter to Vanessa Countryman, Secretary, Commission, from Robert Toomey, Head of Capital Markets, Managing Director and Associate General Counsel, SIFMA, and Lindsey Weber Keljo, Head, SIFMA Asset Management Group (November 30, 2023) (“SIFMA AMG Letter”) at 2-3; Letter to Vanessa Countryman, Secretary, Commission, from Sarah A. Bessin, Deputy General Counsel, Investment Company Institute (November 30, 2023) (“ICI Letter I”) at 2; Letter to Vanessa Countryman, Secretary, Commission, from Sarah A. Bessin, Deputy General Counsel, Investment Company Institute (December 15, 2023) (“ICI Letter II”) at 2.

³⁷ See SIFMA AMG Letter at 4.

³⁸ See SIFMA AMG Letter at 3-5; ICI Letter I at 2; ICI Letter II at 2.

³⁹ See SIGMA AMG Letter at 4-5; ICI Letter I at 2; ICI Letter II at 2.

⁴⁰ See SIFMA AMG Letter at 3; ICI Letter I at 2; ICI Letter II at 2.

⁴¹ See SIFMA AMG Letter at 4-5; ICI Letter I at 2; ICI Letter II at 2.

⁴² See SIFMA AMG Letter at 3-4.

⁴³ SIFMA AMG Letter at 4.

FINRA replies in its letter that it set dissemination caps based on careful analysis and in consultation with the Treasury Department.⁴⁴ FINRA also lists some of the factors relevant in setting dissemination caps, which include public feedback provided to the Treasury Department by primary dealers,⁴⁵ the impact of interest rates on U.S. Treasury Securities trades across maturities (“dollar duration” or “DV01”), and a market liquidity analysis for U.S. Treasury Securities of different maturities.⁴⁶

Specifically, FINRA explains that it considered the notional cap sizes suggested by primary dealers’ feedback to the Treasury Department and translated these values to DV01.⁴⁷ When translated to DV01, the median suggested transaction caps ranged between \$70,000 and \$190,000.⁴⁸ FINRA, in consultation with the Treasury Department, opted to consider as a baseline caps that approximately equated to \$100,000 DV01, though it also considered the percentage of traded market volume that would be disseminated (versus reported) across each maturity and the estimated amount of time it would take to liquidate a position at the size of the cap. In addition, FINRA states that the proposed caps were calibrated to the maturity, liquidity, and trading concentration of the underlying security to preserve the anonymity of market

⁴⁴ FINRA Response Letter at 4.

⁴⁵ Primary dealers are trading counterparties of the New York Fed in its implementation of monetary policy and are expected, among other things, to bid on a pro-rata basis in all Treasury auctions. See <https://www.newyorkfed.org/markets/primarydealers.html>. See also <https://home.treasury.gov/policy-issues/financing-the-government/quarterly-refunding/primary-dealers>.

⁴⁶ FINRA Response Letter at 5-6.

⁴⁷ FINRA Response Letter at 5.

⁴⁸ FINRA Response Letter at 5.

participants trading large transactions.⁴⁹ FINRA explains that it ultimately sought to balance the benefits of providing similar levels of transparency across maturities with the risk that dissemination of the largest transactions could permit market participants to reverse engineer the identities, positions, and trading strategies of others.⁵⁰

IV. Discussion and Commission Findings

After carefully reviewing the proposal and comment letters received, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association.⁵¹ In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act,⁵² which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

In approving the original TRACE rules, the Commission stated that price transparency plays a fundamental role in promoting fairness and efficiency of U.S. capital markets.⁵³ To further the goal of increasing price transparency in the debt markets in general and the U.S. Treasury Securities market in particular, it is reasonable and consistent with the Act for FINRA to extend post-trade price transparency to transactions in U.S. Treasury Securities in the manner

⁴⁹ FINRA Response Letter at 5.

⁵⁰ FINRA Response Letter at 5 (citing Notice, 88 FR at 77395).

⁵¹ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁵² 15 U.S.C. 78o-3(b)(6).

⁵³ See Securities Exchange Act Release No. 43873 (January 23, 2001), 66 FR 8131, 8136 (January 29, 2001).

set forth in the proposal. Since 2017, FINRA has collected post-trade transaction information for U.S. Treasury Securities through TRACE.⁵⁴ In 2020, FINRA commenced public dissemination of aggregate data on U.S. Treasury Securities trading volume on a weekly basis.⁵⁵ In 2023, FINRA shortened the publication time of aggregate data on U.S. Treasury Securities from a weekly to a daily basis and increased the information publicly disseminated to include, among other things, pricing information for certain U.S. Treasury Securities.⁵⁶ FINRA's current proposal will further increase price transparency by making individual transaction data available with an end-of-day dissemination and with appropriate cap sizes and on a historical basis for U.S. Treasury Securities that are On-the-Run Nominal Coupons.

The proposal is reasonably designed to preserve the confidentiality of individual market participants and transactions. While commenters described concerns that transaction-level transparency could cause information leakage, discouraging transactions and impairing market liquidity, the proposal is reasonably designed to mitigate these concerns by incorporating transaction size dissemination caps, delaying dissemination until the end of each day, and limiting the scope to On-the-Run Nominal Coupons. This scope limitation is a reasonable first step, instead of including every security in the U.S. Treasury Security market, or specifically transactions in first, second, and third old off-the-run U.S. Treasury Securities, as some commenters suggested.⁵⁷ FINRA has affirmed that any changes in the level of transparency it provides, including changes to the dissemination cap sizes or scope of transactions included,

⁵⁴ See supra note 8.

⁵⁵ See supra note 9.

⁵⁶ See supra note 10.

⁵⁷ See supra note 27.

would be based on careful analysis and filed with the Commission as proposed rule changes pursuant to Section 19(b)(1) of the Act.⁵⁸ In response to commenters, FINRA addressed the request for additional information regarding FINRA’s methodology for setting the transaction size dissemination caps⁵⁹ and the request for data detailing the portion of notional value that may exceed the transaction size dissemination caps.⁶⁰ The proposal strikes an appropriate balance between fulfilling the goal of increased transparency and mitigating risks that could impair liquidity in the market for U.S. Treasury Securities. While some commenters suggested using a notional amount calculation method for the dissemination caps,⁶¹ the proposal makes a reasonable choice of method of calculating dissemination caps by calibrating them to the maturity, liquidity, and trading concentration of the underlying securities to preserve the anonymity of market participants trading large transactions.

Lastly, the proposed dissemination fees are consistent with the Act. The TRACE U.S. Treasury Security end-of-day and historic data sets are comparable, in terms of granularity and timeliness, to existing data sets for other TRACE-eligible securities. Thus, charging the same fee level for TRACE end-of-day and historic data products that include U.S. Treasury Securities data as is currently charged for TRACE end-of-day and historic data products that include data about securities other than U.S. Treasury Securities, while maintaining the current fee levels for those data products, is reasonable. Section 15A(b)(5) of the Act requires, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees, and other charges

⁵⁸ See supra note 34.

⁵⁹ See supra notes 47 through 50.

⁶⁰ See supra note 35.

⁶¹ See supra note 31.

among members and issuers and other persons using any facility or system which the association operates or controls. The rules that establish the current TRACE end-of-day and historic data products have been approved by the Commission, and the fees that FINRA proposes to charge for information on individual transactions in U.S. Treasury Securities are identical to those that currently apply for end-of-day and historic data products for other types of TRACE-eligible securities,⁶² which have been in effect for some time.⁶³

Pursuant to Section 19(b)(5) of the Act,⁶⁴ the Commission consulted with and considered the views of the Treasury Department in determining to approve the proposed rule change. The Treasury Department indicated its support for the proposal.⁶⁵ Pursuant to Section 19(b)(6) of the Act,⁶⁶ the Commission has considered the sufficiency and appropriateness of existing laws and rules applicable to government securities brokers, government securities dealers, and their associated persons in approving the proposal. The proposal will benefit investors and market

⁶² See FINRA Rule 7730.

⁶³ See Securities Exchange Act Release No. 81995 (November 1, 2017), 82 FR 51658 (November 7, 2017) (SR-FINRA-2017-033) (notice of filing and immediate effectiveness of fee for end-of-day data product); Securities Exchange Act Release No. 61012 (November 16, 2009), 74 FR 61189 (November 23, 2009) (SR-FINRA-2007-006) (approval order for the historic data product and related fee).

⁶⁴ See 15 U.S.C. 78s(b)(5) (providing that the Commission “shall consult with and consider the views of the Secretary of the Treasury prior to approving a proposed rule filed by a registered securities association that primarily concerns conduct related to transactions in government securities, except where the Commission determines that an emergency exists requiring expeditious or summary action and publishes its reasons therefor”).

⁶⁵ See, e.g., Remarks by Under Secretary for Domestic Finance Nellie Liang at the 2023 Treasury Market Conference (November 16, 2023) (“We are hopeful that, after a review of the public comments, the SEC will approve a final rule and the proposed dissemination by FINRA for on-the-runs can begin soon afterwards.”), available at <https://home.treasury.gov/news/press-releases/jy1917>.

⁶⁶ 15 U.S.C. 78s(b)(6).

participants by promoting greater transparency into the U.S. Treasury Securities market while also maintaining the confidentiality of individual market participants and transactions.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁶⁷ that the proposed rule change (SR-FINRA-2023-015) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶⁸

Sherry R. Haywood,

Assistant Secretary.

⁶⁷ 15 U.S.C. 78s(b)(2).

⁶⁸ 17 CFR 200.30-3(a)(12).