

April 18, 2022

Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549–1090

Re: Amendments Regarding the Definition of “Exchange” and Alternative Trading Systems (ATSS) That Trade U.S. Treasury and Agency Securities, National Market System (NMS) Stocks, and Other Securities (File No. S7-02-22)

Dear Ms. Countryman:

We appreciate the opportunity to provide comments to the Securities and Exchange Commission (the “Commission”) on the proposal to modernize the regulatory framework for multilateral U.S. Treasury trading venues (the “Proposal”).¹

The Proposal removes the current exemption from registration for multilateral trading venues that solely trade government securities (and are a broker-dealer or a bank). In addition, the Proposal amends the definition of an “exchange” for purposes of Regulation ATS in order to capture multilateral trading venues utilizing request-for-quote (“RFQ”) trading protocols, which are some of the most significant multilateral trading venues operating in fixed income markets regulated by the Commission, including the U.S. Treasury market.

As a result, multilateral trading venues operating in the dealer-to-dealer and dealer-to-customer segments of the U.S. Treasury market will now be required to register with the Commission and will be subject to regulatory requirements designed to increase market transparency, fairness, and resiliency. We generally support the Proposal, and recommend the Commission take further steps to modernize the regulatory framework for U.S. Treasuries, such as introducing public post-trade transparency and greater central clearing.

We also appreciate the Proposal clarifying that the revised “exchange” definition under Regulation ATS remains squarely focused on multilateral trading venues, and not single-dealer platforms.² In light of this clear policy intent, we recommend the Commission re-insert the word

¹ 87 Fed. Reg. 15496 (Mar. 18, 2022), available at: <https://www.govinfo.gov/content/pkg/FR-2022-03-18/pdf/2022-01975.pdf>.

² *See, e.g.*, Proposal at 15502, FN 72 (discussing exclusions from the definition of an “exchange”) and Proposal at 15613 (estimating only “4 Communication Protocol Systems operating in the market for NMS stocks that may meet the definition of exchange under the proposed changes to Exchange Act Rule 3b–16.”). *See also* 63 Fed. Reg. 23504 (Apr. 29, 1998) at 23509 and 63 Fed. Reg. 70844 (Dec. 22, 1998) at 70852. We note this approach is also consistent with trading venue registration frameworks in other asset classes and jurisdictions, such as swap execution facilities registered with the Commodity Futures Trading Commission and multilateral trading facilities registered in the UK and EU.

“multiple” in Rule 3b-16(a)(1) in order to provide further clarity to market participants. As stated in the Proposal, the proposed deletion of “multiple” is not necessary in order to ensure multilateral RFQ trading venues are appropriately captured, as such systems “do not have a single counterparty.”³ We recommend the Commission avoid making revisions to the longstanding “exchange” definition that are not strictly necessary in order to capture multilateral trading venues. Similarly, we recommend the Commission consider providing additional clarity regarding the intended scope of new terms added to the “exchange” definition, such as “trading interest” and “communication protocol,” in order to avoid unintended consequences.

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We appreciate the opportunity to provide comments on the Proposal. Please feel free to call the undersigned at [REDACTED] with any questions regarding these comments.

Respectfully,
/s/ Stephen John Berger
Managing Director
Global Head of Government & Regulatory Policy

³ Proposal at 15505.