

Managed Funds Association

The Voice of the Global Alternative Investment Industry

Washington, D.C. | New York



March 1, 2021

Via Electronic Submission: rule-comments@sec.gov

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Regulation ATS for ATs that Trade U.S. Government Securities, NMS Stock, and Other Securities; Regulation SCI for ATs that Trade U.S. Treasury Securities and Agency Securities; Electronic Corporate Bond and Municipal Securities Markets (File No. S7-12-20)

Dear Ms. Countryman:

Managed Funds Association¹ (“MFA”) appreciates the opportunity to comment on the Securities and Exchange Commission’s (“Commission”) proposed amendments to Regulation ATS for alternative trading systems (“ATs”) that trade government securities² or repurchase and reverse repurchase agreements on government securities (“Government Securities ATs”), as well as the accompanying concept release on the regulatory framework for electronic platforms that trade corporate debt and municipal securities.³

Ensuring the effective regulation of critical market infrastructure and trading venues, as well as the robust disclosure and transparency of information to investors about the operations of such infrastructure and venues, are some of the most important goals for MFA and its members. To this end, we appreciate the Commission’s continued efforts in this area and support the proposed amendments overall. We are pleased that the proposed amendments address prior MFA concerns on the need for increased operational transparency, system integrity and regulatory oversight of ATs and extending Regulation ATS to Government Securities ATs.

We also urge the Commission to examine other electronic trading venues that operate in the government securities markets and the fixed income markets overall. In particular, we

¹ MFA represents the global alternative investment industry and its investors by advocating for public policies that foster efficient, transparent, fair capital markets, and competitive tax and regulatory structures. MFA supports member business strategy and growth via proprietary access to subject matter experts, peer-to-peer networking, and best practices. MFA’s more than 135 member firms collectively manage nearly \$1.6 trillion across a diverse group of investment strategies. Member firms help pension plans, university and hospital endowments, charitable foundations, and other institutional investors to diversify their investments, manage risk, and generate attractive returns over time. MFA has a global presence and is active in Washington, London, Brussels, and Asia, supporting a global policy environment that fosters growth in the alternative investment industry.

² As defined under Section 3(a)(42) of the Securities Exchange Act of 1934 (“Exchange Act”).

³ Securities Exchange Act Release No. 34-90019, 85 FR 87106 (September 28, 2020).

note that certain trading venues that utilize request-for-quote (“**RFQ**”) or streaming quote protocols in the cash Treasury market resemble multiple-to-multiple markets and have significant volume traded on them. While electronic trading systems broadly should not be captured as ATSS, the Commission should consider how similarly situated entities might be treated in a more similar manner to improve the efficiency and resiliency of trading in government securities. We therefore recommend that the Commission examine and review the oversight framework of certain government securities trading venues not covered by the proposed amendments to Regulation ATS for Government Securities ATSS. Finally, MFA welcomes the Commission’s examination and review of important issues raised in the concept release for the trading of corporate debt and municipal securities, including the oversight of corporate bond and municipal securities electronic trading venues, and industry standards for reporting “electronic trade volumes.”

I. Proposed Amendments to Regulation ATS for Government Securities ATSS

MFA has long been an advocate for sensible regulation of trading venues and robust disclosure and transparency to investors about the operation of such venues. Importantly, MFA supported the Commission’s proposal to amend the regulatory requirements in Regulation ATS applicable to ATSS that transact in National Market System (“**NMS**”) stocks (**the “Reg ATS Proposal”**).⁴ In our comments on the Reg ATS Proposal, we recommended that the framework set out for ATSS in NMS stocks should be extended to include ATSS that trade fixed income securities, including government securities. We are pleased that the Commission is proposing such an extension.

In the time since the Reg ATS Proposal was adopted, and as the Commission notes, ATSS have become a significant source of orders and trading interest for government securities and now operate in a manner similar to that of markets that trade NMS stocks in terms of automation and speed of trading, the use of limit order books, order types, algorithms, connectivity, data feeds, and the active participation of principal trading firms. Despite this, ATSS that trade only government securities and register as broker-dealers or are banks are currently exempt from exchange registration and are not required to comply with Regulation ATS. In addition, ATSS that trade both government securities and non-government debt securities (e.g., corporate bonds) are not subject to all the provisions of Regulation ATS, such as the heightened disclosure requirements and the fair access requirements, and are not subject to Regulation Systems Compliance and Integrity (“**Regulation SCI**”).

MFA therefore supports removing the exemption for currently exempted Government Securities ATSS and amending Regulation ATS for Government Securities ATSS to extend important investor protections to subscribers of such ATSS, and to enhance the regulatory oversight of Government Securities ATSS overall.⁵

⁴ See letter from Stuart J. Kaswell, Executive Vice President & Managing Director, General Counsel, Managed Funds Association and Jiri Krol, Deputy CEO, Global Head of Government Affairs, Alternative Investment Management Association to Brent J. Fields, Secretary, SEC on February 26, 2016 on Regulation of NMS Stock ATSS, available at <https://www.managedfunds.org/letters/mfa-submits-joint-letter-to-sec-on-regulation-ats/> (“**Reg ATS Letter**”).

⁵ Significantly, the proposal would: (1) eliminate the exemption from compliance with Regulation ATS; (2) require the filing of new public Form ATS-G; (3) apply the fair access rule under Rule 301(b)(5) of Regulation ATS (“**Fair Access Rule**”) to Government Securities ATSS that meet certain volume thresholds in U.S. Treasury Securities or in a debt security issued or guaranteed by a U.S. executive

A. Application of Regulation ATS Investor Protections

The application of Regulation ATS to Government Securities ATSs would trigger certain requirements including, significantly, requiring the adoption of written safeguards and written procedures to protect confidential trading information and the separation of ATS functions from other broker-dealer functions, including principal and customer trading.⁶ MFA supports this aspect of the proposal. The safeguarding of trading information is critical to MFA members. We believe requiring currently exempted Government Securities ATSs to adopt written safeguards and written procedures to protect subscribers' confidential trading information and to separate ATS functions from other broker-dealer functions can help protect the integrity of a subscriber's confidential trading information that could otherwise be at risk of unauthorized disclosure and subject to potential misuse. Such safeguards and practices also can help prevent the sharing of confidential subscriber trading information by ATSs with other customers or having the operator of the ATS use the confidential trading information of other subscribers to advantage its own trading on the ATS.⁷

B. Application of Fair Access Rule to Government Securities ATSs

The Fair Access Rule currently only applies to the trading of NMS stocks, equity securities that are not NMS stocks and for which transactions are reported to an SRO, municipal securities, and corporate debt securities, but not to trading in government securities. Therefore, currently there is no mechanism to prevent Government Securities ATSs from unreasonably denying or limiting subscribers' access to an ATS that is a significant market for government securities.⁸ The proposed amendments would extend the Fair Access Rule to such securities.⁹

agency, or government-sponsored enterprise ("**Agency Securities**"); and (4) amend Regulation SCI to apply it to ATSs that meet certain volume thresholds.

⁶ Other requirements include requiring such systems to permit the examination and inspection of its premises, systems, and records, and cooperate with the examination, inspection, or investigation of subscribers; making and keeping certain records and preserving records; and periodically reporting certain information about transactions on the ATS and information about certain activities on Form ATS-R within 30 calendar days after the end of each calendar quarter in which the market has operated.

⁷ We believe that other aspects of the new investor protection requirements on Government Securities ATSs also could prove beneficial to MFA members and other investors. For example, requiring currently exempted Government Securities ATSs to comply with the recordkeeping and reporting requirements of Regulation ATS and requiring such ATSs to file a confidential Form ATS-R with the Commission can improve the Commission's ability to monitor currently exempted Government Securities ATSs and improve its oversight of the market for government securities execution services overall.

⁸ An ATS subject to the Fair Access Rule under Regulation ATS must, among other things, establish written standards for granting access to trading on its systems and apply these standards fairly, and is prohibited from unreasonably prohibiting or limiting any person with respect to trading in a stated security when that trading exceeds certain volume thresholds.

⁹ Specifically, under the proposed amendments, a Government Securities ATS would be subject to the Fair Access Rule if during at least four of the preceding six calendar months, the Government Securities ATS had: (1) with respect to U.S. Treasury Securities, five percent or more of the average weekly dollar volume traded in the United States as provided by the self-regulatory organization to which such transactions are reported, and (2) with respect to Agency Securities, five percent or more of the average

MFA supports applying the Fair Access Rule to Government Securities ATSS. We agree with the Commission that the principles underlying the Fair Access Rule are equally relevant to a Government Securities ATS and that amending the Fair Access Rule to include the trading of U.S. Treasury Securities and Agency Securities would help ensure the fair treatment of potential and current subscribers to ATSS that consist of a large percentage of trading volume in these two securities. Extending the Fair Access Rule to Government Securities ATSS also can prevent discriminatory actions that could hurt investors lacking access to an ATS by limiting trading venue options for these investors, potentially resulting in higher trading costs and the reduction in trading efficiency.

C. Proposed Form ATS-G for Government Securities ATSS

As discussed above, MFA supported expanding the application of the Reg ATS Proposal to ATSS that trade fixed income securities, including government securities. In our Reg ATS Letter, we stated that doing so would greatly enhance transparency and provide important disclosures to market participants, regulators and the public about increasingly important venues in government securities. We believe those views are still relevant today, and probably more relevant given the increase in the amount of information and market data available, and the increase in automation of trading in government securities since the adoption of the Reg ATS Proposal. In addition, many of the concerns surrounding potential conflicts of interest that arise between an ATS and the activities of its bank/broker-dealer operator and affiliates, and the transparency of an ATS's operations, are equally relevant with respect to ATSS that transact in government securities, as with NMS Stock ATSS.

The Commission notes that given the similarities of operations between NMS Stock ATSS and Government Securities ATSS, almost all requests for information on proposed Form ATS-G are similar to or derived from Form ATS-N.¹⁰ Specifically, Form ATS-G would require a Government Securities ATS to publicly disclose information about its manner of operations and the ATS-related activities of the registered broker-dealer or government securities broker or dealer that operates the ATS and its affiliates - all critical information for investors.

For these reasons, we strongly support requiring Government Securities ATSS to file public disclosures on new Form ATS-G. We believe the Form ATS-G disclosures would provide important information to investors regarding how orders are handled and any potential conflicts of interest that may arise from the ATS-related activities of the broker-dealer operator or its affiliates and, in turn, assist market participants in selecting Government Securities ATSS for their orders. The disclosures also can better inform the Commission and other regulators about the activities of Government Securities ATSS and their role in the government securities

daily dollar volume traded in the United States as provided by the self-regulatory organization to which such transactions are reported.

¹⁰ The Commission notes that certain requests have been tailored for Government Securities ATSS and that there are certain differences between the two forms. These differences include that (1) Form ATS-G does not have an item corresponding to Part III, Item 16 (Routing) of Form ATS-N; (2) Form ATS-G does not have an item corresponding to Part III, Item 24 (Order Display and Execution Access) of Form ATS-N as the associated rule is inapplicable to government securities; and (3) Form ATS-G added proposed Part III, Item 16 requiring information about non-government securities markets (e.g., futures, currencies, swaps, corporate bonds) used in conjunction with the ATS.

markets, which in turn, would facilitate better regulatory oversight of these ATSS and the markets to the benefit of investors.

The proposal states that the Commission considered several alternatives to the proposal, including: (1) requiring currently exempted Government Securities ATSS to file Form ATS, but not publicly disclosing Form ATS; (2) requiring Government Securities ATSS to file proposed Form ATS-G, but treating the information as confidential; and (3) requiring differing levels of public disclosure by Government Securities ATSS depending on their trading volume. MFA does not support such alternatives. We believe that public disclosure of the information on Form ATS-G will be significant and any alternative that would limit or impede such disclosure would be detrimental to achieving the Commission's transparency goals. We also believe that requiring different levels of disclosure among Government Securities ATSS based on their trading volume could result in a complex and confusing system of disclosure for market participants.

D. Proposed Amendments to Regulation SCI for Government Securities ATSS

The proposal would amend Regulation SCI to expand the definition of "SCI alternative trading system" to include Government Securities ATSS.¹¹ A Government Securities ATS that meets the proposed amended definition would fall within the definition of "SCI entity" and, as a result, would be subject to the requirements of Regulation SCI.¹²

MFA supports extending Regulation SCI to Government Securities ATSS. We agree with the Commission that in light of the increasing automation of the government securities market and the operational similarities between many Government Securities ATSS and NMS Stock ATSS, it would be appropriate to apply the requirements of Regulation SCI to Government Securities ATSS. We also agree that the proposed extension of Regulation SCI could help strengthen the infrastructure and improve the resiliency of the automated systems of Government Securities ATSS that are important to the government securities markets.¹³

¹¹ A Government Securities ATS would have to meet certain volume thresholds, specifically that during at least four of the preceding six calendar months, the Government Securities ATS had: (1) with respect to U.S. Treasury securities, five percent or more of the average weekly dollar volume traded in the U.S. as provided by the SRO to which such transactions are reported or (2) with respect to Agency Securities, five percent or more of the average daily dollar volume traded in the U.S. as provided by the SRO to which such transactions are reported.

¹² Regulation SCI requires SCI entities to establish, maintain and enforce written policies and procedures reasonably designed to ensure that their key automated systems have levels of capacity, integrity, resiliency, availability, and security adequate to maintain their operational capability and promote the maintenance of fair and orderly markets. Regulation SCI also requires SCI entities to take appropriate corrective action when systems issues occur; provide certain notifications and reports to the Commission regarding systems problems and systems changes; inform members and participants about systems issues; conduct business continuity and disaster recovery testing and penetration testing; conduct annual reviews of their automated systems; and make and keep certain books and records.

¹³ Specifically, extending Regulation SCI to Government Securities ATSS may reduce the frequency, severity, and duration of the effects of any systems issues, and the additional safeguards can reduce the potential for failures, disruptions, delays, and intrusions, which could place government securities market participants at risk, harm price discovery, and reduce price efficiency.

While we recognize that many Government Securities ATSS may have adopted system testing and control procedures similar to that required under Regulation SCI, we support putting a formalized regulatory framework in place through the expansion of Regulation SCI to ensure more effective Commission oversight. As the resiliency of the markets is critical to MFA and its members, we believe that market forces alone may be insufficient to significantly reduce systems issues in the market for trading and execution services in government securities.

E. Extending Regulation ATS Requirements to Other Government Securities Trading Venues

As discussed above, MFA supports ensuring the efficient regulation of trading venues, as well as the robust disclosure and transparency of information to investors about the operation of such venues. In addition to Government Securities ATSS, however, we note that certain trading venues that utilize RFQ or streaming quote protocols in the cash Treasury market resemble multiple-to-multiple markets and are the source of significant trading volume.¹⁴ We believe the Commission needs to further examine and review the oversight framework of government securities trading venues not covered by the proposed amendments to Regulation ATS to improve the efficiency and resiliency of the trading in government securities overall and to enhance the level of disclosure and transparency that investors receive on the operations of such venues.

We recognize that extending Regulation ATS broadly to other electronic trading venues or platforms is not the answer and that a “one size fits all” approach will not be effective or workable given the diversity of the types of trading venues, platforms and offerings available. For example, currently, MFA members trading in government securities enjoy the ability to efficiently utilize technology to achieve such trading, including negotiation and communication functions offered by some systems, the ability to use third-party software or in-house dashboards to manage quotes or trades, and the promotion of related innovations that we have seen in trading platforms and trading systems. Nevertheless, in order to ensure that similarly situated entities are treated similarly to ensure the efficiency and resiliency of trading in government securities, the Commission should review the appropriateness of similar regulation on trading venues that resemble multiple-to-multiple markets and have significant volume traded on them.

In addition, consistent with the preliminary recommendation of the Commission’s Fixed Income Market Structure Advisory Committee (“**FIMSAC**”) Technology and Electronic Trading Subcommittee, we believe that the Commission should further examine the definition of “electronic trading” to assist in ensuring that any new regulation or framework, and expansion of the scope of Regulation ATS requirements, will cover the platforms and trading functionality that is necessary without having to fit a new regulatory framework for all types of trading platforms and trading systems within the current ATS definition.¹⁵ Such a step would be beneficial to understand the type of activity that should be within the scope of any new

¹⁴ See, e.g., The Bond-Trading Revolution is Real This Time, Bloomberg Opinion, February 9, 2021, available at: <https://www.bloomberg.com/opinion/articles/2021-02-09/the-bond-trading-revolution-is-real-this-time?sref=HNEq4D41>.

¹⁵ See U.S. Securities and Exchange Commission, Fixed Income Market Structure Advisory Committee, Recommendation Regarding Defining “Electronic Trading” for Regulatory Purposes, October 5, 2020.

regulation and to ensure that there are no unintended consequences for users of such platforms and systems.¹⁶

As the Commission examines the extension of, and applicability of, further regulation to government securities trading venues not covered by the proposal, MFA offers its assistance to the Commission on the types of platforms and systems being utilized by its members and the impact of further regulation on these trading venues.

III. Concept Release on Electronic Corporate Bond and Municipal Securities Market

The Commission is issuing a concept release, arising out of the work of FIMSAC, on the regulatory framework for electronic platforms that trade corporate debt and municipal securities.¹⁷ Specifically, FIMSAC identified the disparate regulatory treatment to which credit and municipal bond trading platforms is subject based on differences in trading protocols or business models as an issue that needs to be addressed to improve the efficiency and resiliency of fixed income electronic trading.¹⁸

In addition to a review of the general regulatory framework, as noted above, FIMSAC also recently recommended that the Commission consider defining “electronic trading” for consistent regulatory application and reporting purposes.¹⁹ FIMSAC also recommended that the Commission establish industry standards for reporting “electronic trade volumes” that addresses current inconsistencies relating to, among other things, ATS functionality, single-counting versus double-counting, and the treatment of “give-up” trades for settlement.

MFA supports the goals of the concept release, and an examination of whether the current regulatory framework for electronic trading in the corporate bond and municipal securities markets promotes the growth of fair and efficient electronic markets, protects

¹⁶ We believe the same principles identified by FIMSAC in recommending the review in the concept release of the extension of regulation to certain trading venues and trading systems not currently subject to Regulation ATS used in the corporate and municipal bond markets applies to the government securities markets. These include: (i) ensuring that the regulatory framework best promotes the growth of fair and effective fixed income electronic trading markets, and (ii) ensuring that no regulatory gaps or inconsistencies in the application of such regulation exist that increase the potential for investor harm, systemic risk or unfair competition.

¹⁷ See U.S. Securities and Exchange Commission, Fixed Income Market Structure Advisory Committee, Recommendation for the SEC to Review the Framework for the Oversight of Electronic Trading Platforms for Corporate and Municipal Bonds, July 16, 2018.

¹⁸ Specifically, FIMSAC recommended that the SEC, FINRA and MSRB form a joint working group to conduct a review of the regulatory framework for oversight of electronic trading platforms used in the corporate and municipal bond markets: (i) to ensure that the regulatory framework best promotes the growth of fair and effective fixed income electronic trading markets; (ii) to ensure that no regulatory gaps or inconsistencies in the application of such regulation exist that increase the potential for investor harm, systemic risk or unfair competition; (iii) to consider whether Regulation ATS (and any other applicable rules) should be amended to account for differences in protocols and market structures commonly used to trade fixed income as compared to equities; (iv) to ensure that regulation is not unfairly promoting or impeding specific trading protocols and business models over others; and (v) to consider whether any existing regulation impacting the fixed income electronic trading markets is unnecessary from a cost-benefit perspective.

¹⁹ *Supra*, note 15.

investors, and does not unfairly promote or impede specific trading protocols or business models. The concept release should help spur discussions around any necessary reforms.

A. Oversight of Corporate Bond and Municipal Securities Electronic Trading Venues

The classification of platforms as ATSs is based on whether a trading platform furnishes services commonly performed by registered stock exchanges.²⁰ As the Commission and FIMSAC have noted, the definition of an ATS in Regulation ATS, as well as significant aspects of the Regulation ATS rules, largely reflect the trading practices of the equity markets.²¹

As with trading venues discussed above in the government securities markets, MFA believes that there is a need to step back and reexamine the regulatory structure for those trading venues operating across the corporate and municipal bond markets. It is important that the Commission and other regulators have adequate oversight of entities that play a significant role in the trading of fixed income securities but that may not meet the definition of an exchange or an ATS. The same concerns motivating the Reg ATS proposal and some of the FIMSAC initiatives, *e.g.*, operational transparency, system resiliency, and fair access, also apply to these types of entities. We therefore are open to examining the extension of Regulation ATS (or certain portions thereof as necessary and applicable) and/or similar regulations to trading platforms and trading systems in the corporate bond and municipal securities markets that are not currently subject to these rules.

With that said, as with government securities, redefining the regulatory regime for corporate bond and municipal securities trading venues will be no easy task, particularly given the diversity of the types of fixed income securities, and the various types of trading venues and offerings available for these securities. The Commission must be careful in implementing any reforms to the oversight of corporate bond and municipal securities trading venues to ensure that there are no unintended consequences for investors, such as the reduction in the availability of the types of platforms that MFA members and other investors utilize to effect transactions in these securities.

For example, FIMSAC noted that, as a practical matter, electronic RFQ platforms for corporate and municipal bonds are excluded from Regulation ATS based on the characteristics of the RFQ trading protocol, and therefore a large fraction of the corporate and municipal bond volumes that trade electronically today occurs on platforms regulated only as broker-dealers.

²⁰ Exchange Act Rule 3b-16(a) sets forth a functional test of whether a system meets the definition of an exchange. Specifically, Rule 3b-16(a) provides that an organization, association, or group of persons meets the Exchange Act definition of “exchange” if it: (1) brings together the orders for securities of multiple buyers and sellers; and (2) uses established, non-discretionary methods (whether by providing a trading facility or by setting rules) under which such orders interact with each other, and the buyers and sellers entering such orders agree to the terms of a trade.

²¹ An ATS is generally defined as “any organization, association, person, group of persons, or system: (1) that constitutes, maintains, or provides a market place or facilities for bringing together purchasers and sellers of securities or for otherwise performing with respect to securities the functions commonly performed by a stock exchange within the meaning of Rule 3b-16 under the Exchange Act; and (2) that does not (i) set rules governing the conduct of subscribers other than the conduct of such subscribers trading on such organization, association, person, group of persons, or system, or (ii) discipline subscribers other than by exclusion from trading.”

RFQ platforms and similar systems can play an important role for MFA members and other investors in the trading process for corporate bonds and municipal securities. Any reforms in this area, including guidance on the operation of such systems and whether negotiation and communication functions typically offered by these systems would be considered to be performing exchange functions, or what is considered an “order” under Rule 3b-16(a), should therefore be carefully considered.

The concept release also requests comment on several questions relating to the transparency of information regarding fixed income electronic trading venues. Among these, the Commission requests comment whether broker-dealers offering customers protocols or facilities to buy and sell fixed income securities that would not meet the Exchange Act definition of “exchange” should otherwise be subject to the same operational transparency rules as ATSS (and therefore file a form with the Commission similar to the confidential Form ATS or the public Form ATS-N for NMS Stock ATSS). As an alternative, the Commission requests comment whether it should extend the transparency requirements under proposed Form ATS-G to non-ATS trading venues for government securities.

Ensuring the robust disclosure and transparency of information to investors about the operations of trading venues, and the trading process in general, is an important goal for MFA and its members to facilitate providing important information regarding how orders are handled and any potential conflicts of interest that may arise vis-à-vis trading counterparties. As with the application and/or extension of the regulatory regime to certain fixed income trading venues or systems, subjecting these entities to certain transparency requirements will entail careful consideration to ensure that there are no unintended consequences for investors. In addition, certain of these trading venues or systems already provide, upon request, information to investors and other market participants about their operations. With that said, increasing accessibility to and standardizing information regarding the operations and activities of these types of venues can prove beneficial to investors, *e.g.*, by helping investors make more informed decisions about where to send their orders to achieve their trading or investment objectives. MFA therefore supports an examination whether such systems should be subject to similar operational transparency requirements for broker-dealers, securities exchanges, or ATSS.

B. Industry Standards for Reporting “Electronic Trade Volumes”

In addition to increased transparency around the operation of certain trading venues, FIMSAC recommended that the Commission establish industry standards for reporting “electronic trade volumes.” Specifically, FIMSAC noted that no consistent standard exists for publicly reporting electronic trading volumes across the trading platforms currently trading corporate and municipal bonds. In addition, in some cases, the trading and settlement protocols of the varying platforms also impact the volumes that they and dealers report to TRACE. As a result, volumes are reported inconsistently.

MFA supports examining ways to make the reporting of electronic trading volume on platforms trading corporate bonds and municipal securities more consistent and robust, including establishing industry standards for electronic trade reporting that address the current inconsistencies relating to ATS functionality, single-counting versus double-counting, and the treatment of “give-up” trades for settlement. As FIMSAC noted in its recommendation, market participants require reliable and consistent data on electronic trading volumes to best understand where they can find liquidity and the inconsistencies in current reporting practices

results in ATS volumes captured and disclosed by TRACE that do not accurately reflect aggregate electronic trading volumes. Establishing industry standards for electronic trade volume reporting could provide a framework for regulators and market participants to observe the liquidity and market share across these venues and could, in turn, assist in the application of regulation to non-ATS trading platforms and trading systems as discussed above by providing a better picture of the overall market for such venues.

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We appreciate the opportunity to provide these comments on the proposed amendments and concept release. If you have any questions about these comments, or if we can provide further information, please do not hesitate to contact me at [REDACTED].

Respectfully Submitted,

/s/ Jennifer W. Han

Jennifer W. Han
Chief Counsel & Head of Regulatory Affairs

cc: The Honorable Allison Herren Lee, Acting Chair
The Honorable Hester M. Peirce, Commissioner
The Honorable Elad L. Roisman, Commissioner
The Honorable Caroline A. Crenshaw, Commissioner
Mr. Christian Sabella, Acting Director, Division of Trading and Markets