



March 22, 2021

Via Electronic Mail (rule-comments@sec.gov)

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

Re: Regulation ATS for ATSS that Trade U.S. Government Securities, NMS Stock, and Other Securities; Regulation SCI for ATSS that Trade U.S. Treasury Securities and Agency Securities; and Electronic Corporate Bond and Municipal Securities Markets¹

Dear Ms. Countryman:

The Healthy Markets Association² writes to urge the Commission to enhance and adopt revisions to Regulation ATS and Regulation SCI for government securities ATSS. Further, we urge the Commission to promptly propose and adopt similar requirements for corporate and municipal debt securities trading platforms.

In general, we believe that the rapid adoption of electronic fixed income trading has proven valuable for investors, and should be further encouraged. That said, there are significant risks and conflicts of interest inherent in the current fixed income trading infrastructure that should be addressed, and we urge you to take action.

Regulation of Alternative Trading Systems

In 1998, the Commission created an oversight regime of trading venues that essentially met the definition of a registered securities exchange, but for which it desired a lighter regulatory regime.³ The Commission deemed this action necessary, in part, because there had been a surge in off-exchange trading venues that “furnished services traditionally provided by national securities exchanges, such as matching

¹ *Regulation ATS for ATSS That Trade U.S. Government Securities, NMS Stock, and Other Securities; Regulation SCI for ATSS That Trade U.S. Treasury Securities and Agency Securities; and Electronic Corporate Bond and Municipal Securities Markets*, SEC, 85 Fed. Reg. 87106 (Dec. 31, 2020), available at <https://www.govinfo.gov/content/pkg/FR-2020-12-31/pdf/2020-21781.pdf> (“Proposal”).

² To learn about Healthy Markets or our members, please see our website at <http://healthymarkets.org>.

³ *Regulation of Exchanges and Alternative Trading Systems*, SEC, 63 Fed. Reg. 70844 (Dec. 22, 1998), available at <https://www.govinfo.gov/content/pkg/FR-1998-12-22/pdf/98-33299.pdf> (Reg ATS Adopting Release).

counterparties' orders, executing trades, operating limit order books, and facilitating active price discovery."⁴

However, as these were private trading systems, activity on ATSs was often not fully disclosed or accessible to all investors, and operators of the systems generally had no obligation to provide investors a fair opportunity to participate or even to treat their participants fairly.

With the adoption of Reg ATS, the SEC ushered in a new era of off-exchange trading. By mid-2015, approximately 15% of trades in NMS securities were traded on ATSs.⁵ Nevertheless, the rise in off-exchange ATS trading seemed to also give rise to a disproportionate number of abuses. For example, a slew of settlements with regulators found ATS operators engaged in or enabled:

- trading ahead of or against subscribers' orders;
- selectively sending indications of interest ("IOIs") to algorithmic trading firms, which allowed those firms to execute against subscribers in the pool, but also enabled those firms to trade away—and ahead—of the ATS's subscribers;
- sending subscribers' orders to other market centers without telling those subscribers;
- allowing the ATS operator's smart order router ("SOR") to use subscribers' order information when making unrelated order routing decisions;
- failing to police their pools as advertised, including by rating their own trading desk and HFT firms as less predatory than the objective criteria would indicate;
- providing misleading information about the trading characteristics of the pool and its major participants;
- allowing employees or third-parties who have no role in ATS operations or oversight to have access to customers' confidential trading information;
- failing to construct the National Best Bid and Offer ("NBBO") as advertised;
- failing to monitor and restrict trading by subscribers in violation of the Market Access Rule; and
- violating the fair access requirements.⁶

⁴ *Regulation of NMS Stock Alternative Trading Systems*, SEC, 80 Fed. Reg. 80998, (Dec. 28, 2015), available at <https://www.govinfo.gov/content/pkg/FR-2015-12-28/pdf/2015-29890.pdf> (citing Reg ATS Adopting Release).

⁵ Hon. Kara M. Stein, *Statement on Proposed Rules to Increase the Operational Transparency of Alternative Trading Systems (ATS)*, at n.11, Nov. 18, 2015, available at <https://www.sec.gov/news/statement/proposed-rules-to-increase-the-operational-transparency-of-ats.html>.

⁶ Letter from Tyler Gellasch, Healthy Markets Association, Brent J. Fields, SEC, Feb. 26, 2016, available at <https://www.sec.gov/comments/s7-23-15/s72315-18.pdf> ("Feb 2016 HMA ATS Letter") (citing to Healthy Markets Association, *The Dark Side of the Pools*, Sept. 15, 2015, available at <https://healthymarkets.org>).

In November 2015, the Commission finally proposed reforms to ATSS that trade NMS stocks (NMS Stock ATSS).⁷

At the time, we urged the Commission to revise its proposal to expand the scope of coverage for its new rules to include ATSS beyond those that trade NMS stocks, such as fixed income securities.⁸ Unfortunately, when the Commission finally adopted the reforms to NMS Stock ATSS in 2018, it rejected our suggestion.⁹

Nevertheless, many of the concerns equities investors and regulators had with NMS Stock ATSS also exist in fixed income trading venues. For example, to what extent do investors understand the rules of an electronic trading venue? To what extent are they treated the same? To what extent may the trading venue operator or affiliates use their customer information? To what extent (and under what conditions) may the trading venue operator share that information with other parties? How may customers be segmented? To what extent may the trading venue operator or affiliates trade against customers in the trading venue? To what extent does a trading venue operator prevent (or enable) manipulative trading practices, such as spoofing?¹⁰

Put simply, there are some very clear potential risks and conflicts of interest in fixed income trading venues, and yet limited disclosures.

In addition, the overall sizes of the fixed income markets and the volumes executed on fixed income trading venues also suggest strongly for more meaningful oversight. For example, just one fixed income trading venue operator, Tradeweb, released a statement on February 4, 2021 that its overall average daily trading volume in January 2021 exceeded \$1 trillion, with its ADV for government bonds totaling more than \$114 billion and its mortgage securities totaling another \$249 billion.¹¹ These are not small numbers.

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⁷ Regulation of NMS Stock Alternative Trading Systems, SEC, 80 Fed. Reg. 80998 (Dec. 28, 2015) (“NMS Stock ATS Proposal”).

⁸ Feb 2016 HMA ATS Letter.

⁹ *Regulation of NMS Stock Alternative Trading Systems*, SEC, 83 Fed. Reg. 38768 (Aug. 7, 2018), available at <https://www.govinfo.gov/content/pkg/FR-2018-08-07/pdf/2018-15896.pdf> (“NMS Stock ATS Adopting Release”).

¹⁰ See, e.g., *In the Matter of J.P. Morgan Securities LLC*, SEC, Admin Proc File No. 3-20094, Sept. 29, 2020, available at <https://www.sec.gov/litigation/admin/2020/33-10858.pdf>.

¹¹ Press Release, *Tradeweb Reports Record \$20.0 Trillion Total Volume Traded in January*, Tradeweb Markets, Feb. 4, 2021, available at <http://investors.tradeweb.com/news-releases/news-release-details/tradeweb-reports-record-200-trillion-total-volume-traded-january>.

¹² By way of comparison, on March 2, 2021, the entire US equity market daily trading volume was about \$730 billion. *US Equity Market Volume Summary*, Cboe Exchange Inc., Mar. 2, 2020, available at https://markets.cboe.com/us/equities/market_share/ (viewed Mar. 2, 2021).

Further still, the absolute daily notional values traded on many fixed income trading venues today far exceed the volumes on many NMS Stock ATSs. We do not understand why the Commission would choose to focus on the latter, but largely ignore the former.

The conflicts of interest in how securities are traded (and where) may still be significant. As the Commission explained in its adoption of NMS Stock ATS rules,

Given that broker-dealers can route their customers' orders to any [ATS] for execution, we do not believe that transaction volume ... serves as a proxy for whether customers of broker-dealers or subscribers to an ATS should have information about how their orders would be prioritized, matched, or executed on an [ATS] or understand the ATS-related activities of the broker-dealer operator and its affiliates that may give rise to conflicts of interest.¹³

Certainly, the Commission should feel that way about any trading venues that operate significant dollars and pose significant risks to investors. Yet, not all of them operate as ATSs. For example, Tradeweb has three electronic trading venues for trading in government securities, but only two of the three are regulated as ATSs.¹⁴ Why should it not make disclosures to the public and investors related to its operations and conflicts of interest, such as in an enhanced ATS disclosure document? The only way to solve this concern is to broaden the definition of ATS to capture all appropriate fixed income trading venues, and then require basic levels of information about their operations and potential conflicts of interest.

This will require some consideration of what it means to be a trading venue. Does it apply to electronic communications only? Is a fixed income electronic trading platform really a "trading platform" if it doesn't perform a matching function? In the Proposal, the Commission asks a number of very "big picture" questions about fixed income trading platforms, including:

What do commenters believe are the key regulatory standards that should apply to fixed income electronic trading platforms?

Are there aspects of the current regulatory structure, other than regulatory treatment, that should not apply to these trading platforms?

Are there other standards not addressed in the current regulation that should be considered?

¹³ NMS Stock ATS Adopting Release, at 38780.

¹⁴ Letter from Elizabeth Kirby, Tradeweb, to Vanessa Countryman, SEC, Mar. 1, 2021, *available at* <https://www.sec.gov/comments/s7-12-20/s71220-8431704-229615.pdf>.

How could the current regulatory structure for these trading platforms be improved?¹⁵

We welcome these important questions.

We often use the phrase “traded electronically,” but it is not a defined term. This raises another important consideration: the application of bilateral electronic trading and dealer-to-client trading venues that generally operate through RFQ protocols. The Proposal generally does not capture these electronic trading venues. As Bloomberg explains in its comments to the Proposal:

Electronic trading is often conflated with the electronification of trading workflows, but there is a clear difference between the two (Figure 1). Electronic trade messaging communication networks are not a form of electronic trading. Rather, they are an example of electronification or digitization of workflows. An electronic trading platform, on the other hand, is where communication and the commitment of parties to a transaction both occur on the same software platform. An ATS is a form of an electronic trading platform. Electronic anonymous request for quote protocols, where a technology provider acts as a broker and become a party to the trade, is another form of an electronic trading platform. Electronic trading platforms may also contain a measure of non-discretionary activities which makes them regulated either as brokerage or ATS activities.

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In general, the SEC has not defined either its exchange or ATS rules to clearly capture the electronic trading processes used by many electronic fixed income trading venues,¹⁷ and some have argued against generally applying the Reg ATS framework to some venues that provide electronic communications or processes.¹⁸

In our view, all electronic trading venues for fixed income securities should be registered with a self-regulatory organization, and comply with that self-regulatory organizations’

¹⁵ Proposal, at 87158.

¹⁶ Letter from Gregory Babyak, Bloomberg LP, to Vanessa Countryman, SEC, at 17, Mar. 1, 2021, available at <https://www.sec.gov/comments/s7-12-20/s71220-8440150-229700.pdf>.

¹⁷ See, e.g., Letter from Gregory Babyak, Bloomberg LP, to Vanessa Countryman, SEC, at 17, Mar. 1, 2021, available at <https://www.sec.gov/comments/s7-12-20/s71220-8440150-229700.pdf>.

¹⁸ Letter from Jennifer Han, Managed Funds Association, to Vanessa Countryman SEC, at 6, Mar. 1, 2021, available at <https://www.sec.gov/comments/s7-12-20/s71220-8431832-229618.pdf>.

rules. Further, those that look and operate like an exchange or otherwise perform a “matching” function should be regulated like an exchange or ATS.¹⁹

At the same time, we do not want enhanced oversight of electronic trading venues to incentivize or otherwise push market participants out of more transparent and regulated trading spaces and back into less transparent and regulated ones. We urge the Commission to consider broad, but flexible definitions of electronic fixed income trading venues that warrant additional oversight.

There are also questions about what the Commission should require of fixed income ATSS, as that may be defined.

In general, we believe that one key requirement should be public disclosure of an ATSS operations. Investors and the public would benefit from broad publication of the rest of the information contained in these filings (which are generally only available to regulators).²⁰ Market participants -- not regulators -- are best positioned to understand whether and how that information may be complete and accurate, and are positioned to both benefit from (and injured by) the accuracy or inaccuracy of ATS operators’ statements. The Commission should make the entirety of Form ATS public on the Commission’s website in an easy-to-access format that promotes easy comparisons across trading venues.²¹

ATSS Trading Government Securities

Today, as the Commission notes in the Proposal,

ATSS for government securities now operate with complexity 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.²²

We also further confirm the Commission’s understanding that

Government Securities ATSS often offer subscribers a variety of order types to pursue both aggressive and passive trading strategies, and low latency, high-speed connectivity to the ATS. These ATSS frequently use automated systems, such as a central limit order book, to match orders anonymously on a price/time priority basis, and offer

¹⁹ See, e.g., NMS Stock ATS Adopting Release, at 38795 (“an ATS must become a member of an SRO and comply with the rules of the SRO, including obtaining approval by the SRO to operate an ATS in accordance with applicable SRO rules.”).

²⁰ Proposal, at 87147.

²¹ Proposal, at 87147.

²² Proposal, at 87108.

subscribers direct data feeds and co-location services. Some Government Securities ATSS also segment orders into categories by participants or allow participants the ability to interact with specific counterparty groups on the ATS and facilitate order interaction and execution.²³

We agree with the Investment Company Institute²⁴ and the Managed Funds Association²⁵ that the Commission should adopt the proposal to regulate ATSS for government securities. We further encourage the Commission to apply the requirements to repurchase agreements in government securities and reverse-repurchase agreements in government securities.

The Proposal would “eliminate confidential treatment for information about the type(s) of securities that the ATS trades as disclosed in the Exhibit B, subpart (a) of Form ATS and Form ATS–R.”²⁶ Given that many ATSS already provide this information, this should not be difficult to implement. We welcome the Commission’s proposal to provide for better specificity in securities type disclosures.²⁷ However, we urge the Commission to add even greater specificity, including specific agencies traded.

Lastly, we think all of these ATSS should be subjected to enhanced disclosures and fair access rules.

Corporate and Municipal Bond ATS

While not as large or generally as advanced, electronic trading platforms for corporate debt and municipal debt often “offer various protocols for bringing together buyers and sellers in fixed income securities, including auctions, central limit order books, negotiation functionalities, and request for quote platforms (“RFQ platforms”).”²⁸ In fact, many fixed income execution venues offer pre-trade bond characteristics and pricing information, variable execution protocols, trade processing, and post-trade analytical tools (such as transaction cost analysis tools).²⁹

²³ Proposed Rule, at 87109.

²⁴ Letter from Sarah A. Bessin and Nhan Nguyen, ICI, to Vanessa Countryman, SEC, Mar. 1, 2021, available at <https://www.sec.gov/comments/s7-12-20/s71220-8431900-229619.pdf> (“interdealer Treasury platforms typically feature highly competitive, non-discretionary automated trading between anonymous participants using algorithms in a high-speed, low latency environment. Based on these considerations, applying Regulation ATS and Regulation SCI to these platforms is appropriate and would promote operational transparency, fair access, and system security and resiliency.”).

²⁵ Letter from Jennifer Han, Managed Funds Association, to Vanessa Countryman, SEC, Mar. 1, 2021, available at <https://www.sec.gov/comments/s7-12-20/s71220-8431832-229618.pdf>.

²⁶ Proposal, at 87147.

²⁷ Proposal, at 87149.

²⁸ Proposal, at 87157.

²⁹ See, e.g., Corporate Bonds, Tradeweb, available at <https://www.tradeweb.com/our-markets/institutional/credit/corporate-bonds/> (viewed Feb. 25, 2021).

The Commission should acknowledge that the overall volume of corporate debt outstanding has skyrocketed in recent years, and as of January 2021, there was a whopping \$9.3 trillion in investment grade and \$2.4 trillion in high yield debt outstanding.³⁰ While corporate debt trading has historically been relatively limited when compared to trading in US Treasuries or agency debt (e.g., in Q4 2020, corporate debt comprised 20% of new issuances,³¹ but just 4.4% of total fixed income market trading), corporate debt trading still involves very significant absolute dollars.

In fact, at the time the Commission decided to propose and adopt NMS Stock ATS rules, the percentage of overall ATS trading was about 15% (and often less). Many of the regulated ATSs had tiny slivers of the overall equities trading market share. By contrast, today, nearly 40% of investment grade and around 15% of high yield corporate bonds are traded electronically.³²

We welcome the Commission's efforts to "mitigate any potential confusion" by explicitly amending Rules 301(b)(5)(i)(C) and (D) "to clarify that the average daily dollar volume in municipal securities and corporate debt securities is provided by the self-regulatory organization to which such transactions are reported."³³ We further agree that FINRA and the MSRB (to which trades in corporate bond and municipal securities are reported, respectively, can provide ATSs with necessary information with which they can determine whether they have hit the appropriate thresholds for the Fair Access Rule, as well as Reg SCI.³⁴

Lastly, the SEC's FIMSAC has expressed concerns with the pennyng on electronic corporate and municipal bond trading venues.³⁵ As the FIMSAC has explained:

Pennyng ... occurs when the dealer, after reviewing the auction information received back in a bid wanted (BWIC) or offer wanted (OWIC), either matches the best price or executes the bond at a price that is slightly better than the best price. At first glance, this practice appears to benefit the customer, as the dealer is providing at least as good a price as was obtained through the auction process. But, over time, this practice harms competitiveness. For example, the use of

³⁰ Market Analysis: Corporate Debt Outstanding, MarketAxess, available at <https://www.marketaxess.com/inform/research/market-insights/5> (viewed Feb. 26, 2021).

³¹ SIFMA Research Quarterly 4Q20, SIFMA, at 7, Jan. 2021, available at <https://www.sifma.org/wp-content/uploads/2021/01/US-Research-Quarterly-Fixed-Income-Issuance-Trading-2021-01-15-SIFMA.pdf>.

³² Robin Wigglesworth, *Bond trading finally dragged into the digital age*, Financial Times, Feb. 21, 2021, available at <https://www.ft.com/content/683effc4-993a-4baf-bc17-8ba70b96c06a>.

³³ Proposal, at 87147.

³⁴ *Id.*

³⁵ *Recommendations Regarding the Practice of Pennyng in the Corporate and Municipal Bond Markets*, FIMSAC, SEC, June 11, 2019, available at <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-pennyng-recommendations.pdf>.

pennyning to systematically internalize orders deters aggressive pricing or participation in the auction process by other dealers who fear that the submitting dealer is going to “step in front of” their winning prices or is otherwise using the auction process solely for price discovery purposes. Thus, competing dealers face diminished incentives to “put their best foot forward” or even submit a price into the auction. This process would also appear to give the submitting dealer an unfair advantage in the auction.³⁶

We agree with those concerns, and urge the Commission to adopt clear disclosures and consider prohibitions regarding potential abuses of “last look” features.

Regulation SCI

We urge the Commission to significantly expand the scope of “SCI entity” to include not just government securities ATs, but other essential market participants in equities, futures, and fixed income markets.

Regulation Systems Compliance and Integrity (Reg SCI),³⁷ which was adopted in 2014, requires self-regulatory organizations (e.g., exchanges, FINRA, and the MSRB), some ATs, market data plan processors, and some clearing agencies to, amongst other things:

- “establish written policies and procedures reasonably designed to ensure that their 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”,³⁸
- “take corrective action with respect to SCI events (defined to include systems disruptions, systems compliance issues, and systems intrusions), notify the Commission of such events, and disseminate information about certain SCI events to affected members or participants (and, for certain major SCI events, to all members or participants of the SCI entity)”,³⁹

³⁶ *Recommendations Regarding the Practice of Pennyning in the Corporate and Municipal Bond Markets*, FIMSAC, SEC, June 11, 2019, available at <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-pennyning-recommendations.pdf>.

³⁷ *Regulation Systems Compliance and Integrity*, SEC, 79 Fed. Reg. 72252 (Dec. 5, 2014), available at <https://www.govinfo.gov/content/pkg/FR-2014-12-05/pdf/2014-27767.pdf> (“Reg SCI Adopting Release”).

³⁸ *Responses to Frequently Asked Questions Concerning Regulation SCI*, SEC, Sept. 2, 2015 (Updated Aug. 21, 2019), available at <https://www.sec.gov/divisions/marketreg/regulation-sci-faq.shtml>.

³⁹ *Id.*

- “conduct a review of their systems by objective, qualified personnel at least annually, submit quarterly reports regarding completed, ongoing, and planned material changes to their SCI systems to the Commission”;⁴⁰ and
- “mandate participation by designated members or participants in scheduled testing of the operation of their business continuity and disaster recovery plans, including backup systems, and to coordinate such testing on an industry- or sector-wide basis with other SCI entities.”⁴¹

The Commission initially proposed applying Reg SCI to municipal securities or corporate debt securities ATs, if they hit “five percent or more of either—(i) the average daily dollar volume traded in the United States, or (ii) the average daily transaction volume traded in the United States.”⁴² However, in the final rule, the Commission determined that Reg SCI would not apply to ATs that trade solely corporate and municipal debt securities.⁴³

At the time Reg SCI was adopted, the Commission distinguished fixed income market from stock market ATs by noting that fixed income ATs “rely much less on automation and electronic trading than markets that trade NMS stocks or non-NMS stocks, [and that] municipal and corporate debt markets tend to be less liquid than the equity markets, with slower execution times and less complex routing strategies.”⁴⁴ We don’t think those assumptions have stood up well against the rapid evolution of the markets.

In the Proposal, the Commission asks whether it should apply Reg SCI to venues with 5% or more of average daily dollar volume in government securities.⁴⁵ Even a small percentage of market share is still a significant dollar volume of trading. And, to put it bluntly, the risks do not magically appear once an ATS crosses a market-share based threshold. The risks to investors arising from potential conflicts of interest and inaccurate information are still likely to occur in venues that may be even 1% of market share or less.

Given the significant financial interests and importance of the overall markets, we suggest that the threshold should be set at a dollar amount. We recommend that Reg SCI should apply to any family of related trading venues for government or agency securities with combined notional average daily values over the lesser of 1% of the overall market share or an appropriate dollar threshold (e.g., \$25 billion). Lastly, we urge the Commission to apply Reg SCI to corporate bond ATs. However, due to the lack of volumes and risk of unintended consequences, we recommend setting the threshold to

⁴⁰*Responses to Frequently Asked Questions Concerning Regulation SCI*, SEC, Sept. 2, 2015 (Updated Aug. 21, 2019), available at <https://www.sec.gov/divisions/marketreg/regulation-sci-faq.shtml>.

⁴¹*Id.*

⁴² *Regulation Systems Compliance and Integrity*, SEC, 78 Fed. Reg. 18093 (Mar. 25, 2013), available at <https://www.govinfo.gov/content/pkg/FR-2013-03-25/pdf/2013-05888.pdf> (“Reg SCI Proposal”).

⁴³ Reg SCI Adopting Release, 72258 n.47, 72262.

⁴⁴ Proposal, at 87152 (citing Reg SCI Adopting Release, at 72270).

⁴⁵ Proposal, at 87156.

something closer to 5% of the overall market share or some appropriate dollar threshold.

Related Consideration: Block Trade Transparency

Regulators should take all reasonable steps to promote as close to real-time reporting of all trades to the appropriate regulators and rapid dissemination of that information to the markets. Unfortunately, regulators have recently been exploring obfuscating block trades in the fixed income⁴⁶ and derivatives markets.⁴⁷ We have objected to block trade reporting and dissemination delays,⁴⁸ noting that they would:

1. introduce disclosure asymmetries across related financial products and create risks of misuse of inside information;
2. remove the ability of other market participants to have essential price references (particularly for electronic trading venues);
3. likely lead to wider spreads and decrease posted public, available liquidity;
4. impede best execution and quality transaction cost analysis;
5. potentially increase volatility in times of market stress; and
6. potentially lead to a consolidation of trading at the largest dealers (who would have more accurate pricing information).⁴⁹

Again, we believe that notwithstanding the risks and issues discussed in response to the Proposal, the Commission should be looking to promote timely dissemination of fixed income trading information, which would promote electronic trading for investors.

⁴⁶ *Trade Reporting and Compliance Engine (TRACE): FINRA Requests Comment on a Proposed Pilot Program to Study Recommended Changes to Corporate Bond Block Trade Dissemination*, FINRA, Regulatory Notice 19-12, (Apr. 2019), available at https://www.finra.org/sites/default/files/notice_doc_file_ref/Regulatory-Notice-19-12.pdf.

⁴⁷ *Real Time Public Reporting Requirements*, CFTC, 85 Fed. Reg. 21516 (Apr. 17, 2020), available at <https://www.cftc.gov/sites/default/files/2020/04/2020-04405a.pdf>.

⁴⁸ Letter from Tyler Gellasch, Healthy Markets Association, to Marcia Asquith, FINRA, June 6, 2019, available at <https://healthymarkets.wpengine.com/wp-content/uploads/2019/06/FINRA-Block-Trade-Comment-6-11-19.pdf>; Letter from Tyler Gellasch, Healthy Markets Association, to Christopher Kirkpatrick, CFTC, Mar. 22, 2020, available at <https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=62597&SearchText=healthy%20markets> and Letter from Tyler Gellasch, Healthy Markets Association, to Christopher Kirkpatrick, CFTC, May 22, 2020, available at <https://healthymarkets.org/wp-content/uploads/2021/01/CFTC-Real-Time-Reporting-5-22-2020.pdf>.

⁴⁹ See Letter from Tyler Gellasch, Healthy Markets Association, to Christopher Kirkpatrick, CFTC, at 3, May 22, 2020, available at <https://healthymarkets.org/wp-content/uploads/2021/01/CFTC-Real-Time-Reporting-5-22-2020.pdf>.

Conclusion

Amidst growing concerns about the integrity of the U.S. capital markets, market participants, experts, and policymakers have been clamoring for the Commission to modernize disclosures and various elements of Reg ATS for years.

Whether it is the Treasury market's October 2014 "flash crash,"⁵⁰ or the events of just a few weeks ago,⁵¹ federal regulators and market participants have had significant challenges identifying concerns and promoting the integrity and stability of the fixed income markets. More effective oversight of the venues where trading happens should provide far greater transparency into not just what happens, but why. Thank you for your consideration and we look forward to working with you to continue making the US capital markets the best in the world.

Sincerely,



Tyler Gellasch
Executive Director

⁵⁰ Rebecca Spalding and Eliza Ronalds-Hannon, *Once-in-4,800-Year Shock Is Bond Market's Cold Case Two Years On*, Bloomberg, Oct. 13, 2016, available at <https://www.bloomberg.com/news/articles/2016-10-13/bond-market-s-biggest-cold-case-leaves-questions-two-years-on>.

⁵¹ Liz McCormick, Tracy Alloway, and Stephen Spratt, *A \$21 Trillion Treasuries Mystery Is Bedeviling Global Markets*, Bloomberg, Mar. 2, 2021, available at <https://www.bloomberg.com/news/articles/2021-03-02/a-21-trillion-treasuries-mystery-is-bedeviling-global-markets?sref=p6AmiyaF>.