

November 13, 2009

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Subject: File No. SR-FINRA-2009-010

Ladies and Gentlemen,

The Nelson Law Firm, LLC respectfully submits this letter in response to Securities and Exchange Commission ("SEC") Release No. 34-60726, File No. SR-FINRA 2009-010 (Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as modified by Amendment No. 2 thereto, Expanding TRACE to Include Agency Debt Securities and Primary Market Transactions) ("Amendment No. 2").

We previously submitted comments, by letter dated May 5, 2009, relating to Amendment No. 2's predecessor release, SEC Release No. 34-59733, File Number SR-FINRA 2009-010 (Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto to Expand TRACE to Include Agency Debt Securities and Primary Market Transactions) ("Amendment No. 1"). Our May 5, 2009 letter raised concerns related to the dissemination protocols that were specifically proposed in Section II.B. of such Amendment No. 1 (on pages 13 and in footnote 12 thereof).

By letter to the SEC dated August 26, 2009, Ms. Sharon Zackula, Associate Vice President and Associate General Counsel of FINRA, formally responded to the comments that had been received by the SEC in response to Amendment No. 1 ("FINRA Response"). We do not believe that the FINRA Response adequately addressed our written comments.

Our comments were summarized in the FINRA Response as follows:

The second of the three commenters strongly supported the proposal because it provides for increased price transparency in the market, but requested that the SEC require FINRA to modify its current dissemination protocols, which limit the display of volume (or size, using par value) in many trades in disseminated TRACE data.⁹

The commenter requested that the SEC require FINRA to eliminate the dissemination protocols and disseminate, in all disseminated trades the actual volume of bonds trades.

⁹See Lowson Letter. The FINRA dissemination protocols limit the display of volume (or size) (measured in par value) to \$5 million plus, when the transaction volume for an Investment Grade security exceeds \$5 million (par value) and \$1 million plus, when the transaction volume for a Non-Investment Grade security exceeds \$1 million (par value), instead of displaying the *actual* size of such transactions.

(See FINRA Response at 2 and footnote 9.)

However, the FINRA Response ignored and dismissed our comment and failed to address the substance of our concerns, stating:

Since dissemination protocols are not the subject matter of the proposed rule change and comment was not solicited regarding this issue, FINRA believes that response to this and other comments that are beyond the scope of the proposed rule change is neither appropriate nor necessary. (*Id.*)

We strongly disagree with FINRA that our comments were beyond the scope of the proposed rule change, and believe that it was entirely necessary that they be addressed. The SEC's Solicitation for Comment set forth in Section IV of Amendment No. 1 stated that: "[i]nterested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act." Comments were accordingly solicited by the SEC on any part of Amendment No. 1. The dissemination protocol that we had commented upon was specifically proposed by Amendment No. 1.

FINRA will continue to apply the current protocols that determine how volume information is disseminated. (See Amendment No. 1, Section II.B.)

FINRA further set forth, in footnote 12, the specific protocol for capping the volume indicator, which is the exact protocol upon which we based our comments.

¹²Under the protocols : (1) for Investment Grade transactions in sizes less than or equal to \$5 million (by par value), actual volume is disseminated; and in sizes exceeding \$5 million, a "\$5 million +" capped volume indicator is disseminated; and, (2) for Non-Investment Grade transactions in sizes less than or equal to \$1 million, actual volume is disseminated; and in sized exceeding \$1 million, a "1 million +" capped volume indicator is disseminated.

Our comments specifically related to the dissemination protocol that was proposed to be followed with respect to Agency debt securities.

We do not believe that FINRA had any valid justification for declining to address the substance of our comments with respect to these dissemination protocols, especially when we raised the concern that the FINRA policy relating to dissemination was not consistent with the Securities Exchange Act of 1934 (the "Act"). As stated in our May 5, 2009 comment letter, not only do we believe that these dissemination caps violate FINRA Rule 6750, but they are contradictory to the provisions of Section 15A(b)(6) of the Act which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market, and, in general, to protect investors and the public interest.

Since our comments were directly related to the subject matter of Amendment No. 1, and since comments were solicited by the SEC regarding all matters set forth in Amendment No. 1, we believe that a direct response to the substance of our comments by FINRA was entirely appropriate *and* necessary. Accordingly, we respectfully request that the SEC require FINRA to formally address the substance of our comments.

We greatly appreciate the opportunity to provide further comment on SR-FINRA-2009-010. Please contact me if you have any questions or require any additional information. I can be reached at (914) 220-1919 or via email at bnlowson@nelsonlf.com.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Beth N. Lawson", with a long horizontal flourish extending to the right.

Beth N. Lawson