

May 22, 2009

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 OFFICE OF THE SECRETARY

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

Subject: File Number SR-FINRA-2009-010

Dear Ms. Murphy,

I understand this response is after the deadline, but I believe it's important for your committee to consider. Given the fact that there will continue to be an expansion of TRACE eligible securities, I have a serious concern regarding significant negative impact it will have on continuing to propagate a manual processes to handle the "cancels" of TRACE reportable trades. Currently, when the industry initiates any type of correction, or a straight cancel of a TRACE reportable trade, the industry must leave the automated process and then manually utilize the TRACE website to cancel the original trade in TRACE.

It is our understanding from a RTTM source, that RTTM does not send any "cancels" to TRACE, only original instructs (trades). We also learned from TRACE (NASDAQ) personnel, that RTTM actually sent the "cancels" but they were programmed to be blocked by TRACE and not processed? We learned this after a "withhold" slipped through the roadblock and was erroneously but automatically cancelled! A "withhold" is a form of "cancel" in RTTM. "Cancels" can work! Regardless of where the roadblock is for making the TRACE reporting more automated from RTTM, it should be resolved as RTRS is doing so today with municipal reporting.

We've learned that the small volume of trades reported to TRACE from RTTM only accounts for 2% - 5% of the total TRACE reported trades. Is this the reason for not automating the process? We learned that the big firms had a direct connection to TRACE for trade reporting and sent trades to RTTM for matching only. Because the smaller firms account for such a small percentage, one opinion was that it probably would not be cost effective for service bureaus to provide a direct connection to TRACE for trade reporting and also to RTTM for trade matching. That leaves the firms that use service bureaus like SunGard's Phase 3, or ADP in the mode of having to continue to have manual processes in place to manage and to perform any "cancels" in TRACE. With the addition of new products - this will significantly increase! This seems somewhat backward to have this type of manual process in an environment where technology continues to grow and expand.

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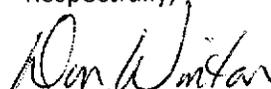
Fortunately, this is not the same experience when we use the RTRS system. In direct contravention to the TRACE process, it is not necessary for the industry to employ the same manual processes to handle "cancels" at MSRB since "cancels" are sent to MSRB from RTTM and FICC. Our service bureau, Phase 3, electronically sends all of our muni trades to FICC, just like the corporate trades, but with different results when there is a cancel or correction involved. While we realize that the two reporting systems for reporting municipal and corporate securities were developed by separate entities, it appears as if the TRACE/RTTM interface was never fully completed. Now, all of the non-major BDs will unnecessarily have to manually attempt keeping up with "cancels" in an automated world of regulatory reporting.

Apparently, it's a "given" that TRACE will continue to expand the inclusion of additional products; and as such happens, TRACE and RTTM should immediately address the current necessity to manually cancel trades. It is imperative for the manual processes to be eliminated between the RTTM and TRACE interface to allow "cancels" prior to expanding TRACE reporting of additional products.

We have all learned that the more manual the process – the greater the instance for mistakes.

Please help us address and solve this increasing problem. We are available anytime to help with understanding this issue.

Respectfully,


Don Winton