



December 23, 2014

By Electronic Mail to rule-comments@sec.gov

Brent J. Fields
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

**Re: File Nos. SR-FINRA-2014-050; Release No. 34-73762
SIFMA Comment on FINRA Proposed Rule Change To Amend TRACE Rules
To Require Members To Identify Transactions With Non-Member Affiliates and
To Change How FINRA Disseminates a Subset of Such Transactions**

Dear Mr. Fields:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ appreciates the opportunity to respond to the request for comment by the U.S. Securities and Exchange Commission (the “Commission”) in the above-referenced Notice of Filing of a Proposed Rule Change, published in the Federal Register on December 11, 2014. The release contains a proposal by the Financial Industry Regulatory Authority (“FINRA”) to amend TRACE Rules to require members to identify transactions with non-member affiliates and to change how FINRA disseminates a subset of such transactions (the “Affiliate Proposal”).

SIFMA supports FINRA’s efforts to further develop a comprehensive audit trail for debt transactions and to suppress certain information deemed undesirable with respect to public dissemination. SIFMA submits these comments on the Affiliate Proposal to highlight a few considerations that SIFMA believes should be taken into account to ensure a cost effective and efficient implementation by our member firms.

I. GENERAL COMMENTS

A. SIFMA Requests Sufficient Implementation Timeline

SIFMA’s members have indicated that implementation of this Affiliate Proposal is likely to take 4 to 5 months from the final rule filing. We encourage FINRA to publish all necessary technical specifications and related information as early as possible and to provide sufficient implementation time after the final rule is published.

¹ SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association. For more information, please visit www.sifma.org.

B. SIFMA Requests Consolidation and Coordination of Trade Reporting Changes

FINRA continues to expand and refine the trade reporting requirements for debt securities and each of the existing and expected proposals impose significant implementation costs. These costs are amplified when the proposals require multiple changes to the same technology and compliance processes at different times in the same year. We believe that FINRA can reduce the burden significantly by packaging a number of potential changes into a maximum of one or two implementation time periods for the year. We request that FINRA coordinate the implementation timelines for the following requirements to the greatest extent possible: 1) the Affiliate Proposal, 2) the forthcoming proposal to require member firms to append an indicator to trade reports that do not reflect a commission, mark-up/down or other fee, and 3) ATS reporting obligations.

C. SIFMA Requests that FINRA Increase Coordination with the MSRB

Both the MSRB and FINRA are seeking to enhance existing trade reporting obligations and have expressed interest or proposed rules to make changes with similar goals in mind. SIFMA encourages FINRA to work more closely with the MSRB and to coordinate the use of similar approaches and methodologies for trade reporting. While the distinct differences between markets needs to be considered, various aspect of fixed income market structure (including trade reporting) will benefit from uniformity in approach wherever possible. Such coordination will lower the cost of implementation and maintenance and prevent an unnecessarily high cost structure from impeding cost efficient execution for investors.

D. Definition of Control With A Point in Time Reference

SIFMA members indicate that ownership interest in an affiliate is subject to change over time. Accordingly, SIFMA asks that FINRA include a specific or periodic point in time reference for the determination of "control" as a trigger for certain reporting obligations.

II. CONCLUSION

SIFMA appreciates your consideration of our comments on the Affiliate Proposal. If you have any questions, please contact Sean Davy at [REDACTED] or [REDACTED].

Very truly yours,



Sean C. Davy
Managing Director