

February 29, 2016

VIA ELECTRONIC MAIL

Robert W. Errett
Deputy Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

RE: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Extend the Implementation Date of the “No-Remuneration” Indicator File Number (SR-FINRA-2016-003)

Dear Mr. Errett:

On behalf of the Bond Dealers of America (“BDA”), I am pleased to submit this letter in response to the Financial Industry Regulatory Authority’s (FINRA) Notice of Filing for immediate effectiveness of a proposed amendment to extend the implementation date of FINRA’s required “No-Remuneration” indicator with the Securities and Exchange Commission (SEC) (**SR-FINRA-2016-003**). BDA is the only DC-based group representing the interests of middle-market securities dealers and banks focused on the U.S. fixed income markets and we welcome this opportunity to present our comments.

BDA urges FINRA and MSRB to harmonize the implementation date of their respective “No-Remuneration” indicators to reduce the regulatory and testing burden on dealers.

The BDA is supportive of the new July 18, 2016, effectiveness date for the “No Remuneration” indicator that FINRA has proposed. However, BDA members find the lack of implementation-timetable coordination between FINRA and MSRB to be burdensome and unnecessary. BDA member firms are currently implementing several new FINRA and MSRB trade-reporting rule changes. It would be highly desirable if the MSRB would file an amendment with the Commission to its “No Remuneration” indicator requirement, which the Commission approved in May 2015, to shift its effectiveness and implementation date to July 18, 2016. Market participants and third-party vendors should have the opportunity to appropriately test and measure their operational readiness for both rules in unison as the reporting requirements for TRACE and EMMA are virtually identical. Requiring dealers to run testing for EMMA prior to the May deadline and then run TRACE testing prior to the new July deadline when testing only needs to occur once and could occur concurrently prior to a harmonized deadline is not cost efficient for dealers whose operational, technology, and compliance staffs are currently stretched thin. To avoid this unnecessary burden on smaller dealers, the MSRB should file an amendment that harmonizes its “No Remuneration” effective date with FINRA’s newly proposed effective date of July 18, 2016.

Furthermore, BDA urges FINRA and MSRB to harmonize the implementation date of their respective ATS indicator rules to more easily facilitate testing and to reduce compliance burdens.

To better facilitate testing and to reduce the compliance burden on small-to-medium sized dealers, BDA urges FINRA and MSRB to harmonize the dates of their ATS indicator rules. Despite BDA's previously stated objections to the existence of material differences between MSRB's ATS indicator and FINRA's proposed ATS indicator, which will significantly alter trade-reporting responsibilities, BDA recommends that regulators strive to harmonize the effective date of the rules.

BDA member firms, especially smaller dealers, are acutely impacted by changes to trade reporting processes, compliance testing, and changes in compliance and trading technology that are required by these new regulations. The BDA has expressed this fact repeatedly. However, despite rising compliance and technology costs, the BDA has expressed general support for MSRB's ATS indicator and the MSRB and FINRA 'No Remuneration' indicator rules. BDA is opposed to FINRA's ATS indicator and the process by which it was proposed, which was in violation of Rule 19b-4. The proposed rule alters the trade reporting processes, could cause confusion in the marketplace, and puts an increased burden on dealers and ATSS. Additionally, as BDA noted in January 2016, the proposal's July 18, 2016, effective date is alarmingly short relative to the technology and contractual requirements contained in the rule for both dealers and ATSS.

In summation, despite ongoing respectful policy disagreements, the BDA believes that the MSRB should file an amendment with the SEC to harmonize the effective dates for its 'No Remuneration' indicator and its ATS indicator with the July 18, 2016, effective date that FINRA has proposed.

Sincerely,

A handwritten signature in blue ink that reads "Nicholas".

Mike Nicholas
Chief Executive Officer