

August 15, 2016

**Submitted Electronically**

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

**RE: Notice of Filing of a Proposed Rule Change Relating to the Reporting of U.S. Treasury Securities to the Trade Reporting and Compliance Engine (SR-FINRA-2016-027)**

Dear Mr. Fields:

On behalf of the Bond Dealers of America (“BDA”), I am pleased to submit these comments in response to (SR-FINRA-2016-027), a proposal to establish a TRACE reporting regime for certain transactions in U.S. Treasury securities. BDA supports the proposed amendments in their current form and believes regulators should have access to comprehensive Treasury market transaction data—including transaction data from non-FINRA member financial institutions.

As proposed, the rule change would not result in public dissemination of Treasury security transaction data. BDA members support reporting trades to a central repository, but would not support public dissemination of Treasury transaction data. BDA believes public dissemination would degrade market quality and liquidity. BDA notes that public dissemination through FINRA’s TRACE and the MSRB’s EMMA has made providing liquidity for the benefit of retail and institutional customers in those fixed-income markets more challenging for dealers. Therefore, BDA urges financial regulators to not move forward with any proposal that would require dissemination of Treasury transaction information.

Furthermore, BDA urges banking and securities regulators to work to create a comprehensive reporting regime that would include FINRA members in addition to banking institutions that do not currently report any fixed-income transactions to TRACE. This reporting harmonization would allow regulators to have a more fulsome

understanding of the Treasury market, a critical market for U.S. financial stability and for the pricing of fixed-income securities around the globe.

In addition, BDA supports FINRA's decision not to charge transaction-level fees on transactions in Treasury securities reported to TRACE. BDA member firms will be required to devote significant time, personnel, and technology resources to ensure compliance with the new TRACE reporting obligations for Treasuries. Additional transaction-level fees would be unduly burdensome. BDA member firms are concerned that FINRA notes that it may seek to collect transaction or other fees from reporting firms in the future. Many BDA firms allow their retail clients to trade Treasury securities as an accommodation, free of any commissions, markups or markdowns. BDA believes that the burden of new transaction fees or other fees related to transactions in Treasury securities would fall most heavily on small-to-medium sized broker-dealers already subject to an extraordinarily expensive and challenging regulatory environment. Smaller dealers will be forced to pass on reporting fees to retail customers to the detriment of competition or absorb the fees as yet another cost of doing business.

In conclusion, BDA supports the goal of providing regulators with access to timely and comprehensive data about the Treasury market and understands the potential benefits of additional transparency with respect to the Treasury market. BDA's primary concern is the uncertainty as to FINRA's future intent with respect to dissemination and fee provisions.

Thank you for the opportunity to provide these comments.

Sincerely,

A handwritten signature in blue ink that reads "Mike Nicholas". The signature is written in a cursive, flowing style.

Mike Nicholas  
Chief Executive Officer