



Tradeweb Markets LLC

1177 Avenue of Americas
New York, NY 10036

Via Electronic Mail

August 15, 2016

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

Re: *SR-FINRA-2016-027:*
Proposed Rule Change Relating to the Reporting of
U.S. Treasury Securities to the Trade Reporting and Compliance Engine

Dear Mr. Fields:

Tradeweb Markets LLC ("**Tradeweb**") welcomes the opportunity to comment on the Financial Industry Regulatory Authority ("**FINRA**") Rule Filing SR-FINRA-2016-027 (the "**Proposal**"), which would expand Trade Reporting and Compliance Engine ("**TRACE**") reporting rules to include most secondary market transactions in marketable U.S. Treasury ("**UST**") Securities.

I. Background on Tradeweb

Tradeweb has been at the forefront of creating electronic trading solutions which support price transparency and help reduce systemic risk for market participants in the fixed income and derivatives markets. For its fixed-income securities markets, Tradeweb operates three separate electronic trading platforms: (i) a global electronic multi-dealer to institutional customer platform called Tradeweb Institutional through which institutional investors access market information, request bids and offers, and effect transactions with, liquidity providers that are active market makers in fixed income securities,¹ (ii) a wholesale platform, called Dealerweb,² and (iii) a platform called Tradeweb Direct for retail-sized fixed income securities. Tradeweb operates the dealer-to-customer platform through its registered broker-dealer, Tradeweb LLC.

¹ Tradeweb's institutional client base includes asset managers, hedge funds, bank desks, regional dealers, central banks, sovereign wealth funds, insurance companies and pension plans, and its liquidity providers are primary dealers and other broker-dealers that regularly make markets to institutional customers. UST are one of 20+ products that are available to Tradeweb's institutional customer base.

² Tradeweb's full-service wholesale market (offered through Dealerweb Inc.) for USTs offers broker-assisted on-screen and off-screen trading of OFTR USTs, T-Bills, Basis, TIPS, and Floating Rate Notes, and in 2014, Tradeweb leveraged its expertise in electronic trading to create a low latency Central Limit Order Book ("**CLOB**") based platform for On-The-Run UST trading.

Tradeweb operates the Tradeweb Direct odd-lot platform through its registered broker-dealer, Tradeweb Direct LLC, which is also a registered as an alternative trading system (“*ATS*”) under Regulation ATS promulgated by the SEC under the Securities Exchange Act of 1934. Tradeweb operates its inter-dealer platform through its subsidiary, Dealerweb Inc., which is also a registered broker-dealer and ATS.

Given our role in these markets, we have been able to observe all different aspects of the UST market. As a result of the above, Tradeweb believes it is appropriate to provide these comments from the trading venue perspective in response to FINRA’s Proposal.

II. Comments on FINRA’s Proposal

While Tradeweb is broadly supportive of the policy goals of the Proposal and the overall structure of the requirements, we note the following comments for consideration.

A. Real-Time Regulatory Reporting

Tradeweb supports regulatory reporting of both On-The-Run (“*OTR*”) and Off-The-Run (“*OFTR*”) UST secondary market transactions, and we believe FINRA’s proposal of end of day is appropriate. The implementation and phasing of this reporting requirement should be carefully evaluated with respect to the cost and the technical build required. The costs and technical effort required may differ when considering the impact on various types of market participants, execution venues, and third party service providers; as such, the impact on all types of participants should be carefully evaluated.³

B. Public Dissemination of Transactions in UST

As the Proposal notes, FINRA is not currently proposing to publicly disseminate the UST securities transaction information it collects. Furthermore, the Proposal correctly states that, while there is broad support among market participants for further official sector access to UST transaction data, there remains substantial debate among industry participants as to the potential harm of public dissemination.⁴ The information which is already available to the public sector with respect to the UST market is ample and is generally understood to be sufficient for market participants to evaluate the market and make decisions. UST price data is available to the public via trade execution venues, market data providers, and directly from other market participants. Even for less liquid Treasury instruments, such as STRIPS and TIPS, we believe that existing pre-trade price transparency is quite robust.

³ Furthermore, there are significant non-FINRA member participants in the UST market who are not covered in this Proposal. As such, FINRA members are disproportionately impacted by the Proposal from, among other things, a cost, liability, and technical resource standpoint.

⁴ See also, Remarks by Acting Assistant Secretary for Financial Markets Daleep Singh at the SIFMA Fixed Income Market Structure Seminar, May 24, 2016 (“**SIFMA Remarks**”).

Tradeweb would like to reiterate that any perceived potential benefit of public trade reporting (particularly for real-time reporting) should be carefully weighed against a number of demonstrable risks. For example, public reporting could likely have negative consequences on price formation and liquidity because such reporting would significantly constrain the ability for market participants to hedge their transactions, particularly those providing liquidity. The public dissemination of transaction data may also have the unintended consequence of increasing volatility in less liquid securities, such as OFTR USTs. In fact, public data reporting, particularly if done in or near real-time, inhibits the ability of market participants to exchange large quantities of risk without the marketplace reacting adversely.

Should the SEC ultimately determine that public reporting is necessary, it is imperative that such dissemination is appropriately vetted with market participants through public comment (in response to a specific proposal).⁵ In particular, large size trades and less liquid securities should only be publicly disseminated if subject to an appropriate time delay so as not to result in negative consequences to liquidity and to the market. The method of execution and the protocol utilized to execute a trade may also influence the time a trade is deemed executed. For example, voice-executed trades or trades executed at a designated closing price would need to be manually time-stamped and submitted, so a framework must be put into place to aid in timely reporting of such trades.

III. Implementation of the Proposal

While Tradeweb appreciates FINRA's efforts in the Proposal to leverage the existing TRACE framework for member firms, as noted above, we believe an appropriately sized implementation period is important so firms can develop, test and implement the necessary technical changes and internal policies and procedures to comply with the Proposal. Reportable UST market activity may occur throughout a firm and on different desks and we believe that an implementation period would allow for the integration of these activities within firms' reporting apparatus and between firms and venues. In addition, the overall size of the market with the significant increase in the number of required reports adds to the potential complexity of implementation.

As noted in the Proposal's release, Tradeweb concurs that any technical specifications regarding the Proposal should be published by FINRA as far in advance as possible to allow for the appropriate lead time for development. Allowing firms to digest these technical specifications will be particularly crucial for those firms that are not currently reporting through the TRACE regime.

⁵ We would suggest that any proposal with respect to public reporting be subject to a sufficient comment period for the market to develop the appropriate level of feedback.

IV. Conclusion

Tradeweb appreciates the opportunity to comment on FINRA's Proposal and would be pleased to discuss any of our comments in greater detail, or to provide any other assistance that might be helpful. Tradeweb believes that the resiliency of the vital market for UST securities will benefit from the official sector having access to the information required by the Proposal and looks forward to working with SEC and FINRA to implement an appropriate regime.

If you have any questions concerning this letter, please contact the undersigned. Tradeweb welcomes the opportunity to discuss these issues further with SEC, FINRA and their respective staffs, including by participating in roundtables, working groups or committees to discuss this matter further, as necessary.

Respectfully submitted,



Douglas Friedman
General Counsel

cc:

FINRA

Robert Colby, Chief Legal Officer
Ola Persson, Vice President, Transparency Services

U.S. Department of the Treasury

Antonio Weiss, Counselor to the Secretary
Daleep Singh, Acting Assistant Secretary for Financial Markets
James Clark, Deputy Assistant Secretary for Federal Finance