

BLACKROCK®

July 20, 2017

Submitted via electronic filing: www.sec.gov/rules/sro.shtml

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

Re: FINRA Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 7730 to Make Available a New TRACE Security Activity Report [SR-FINRA-2017-021, Release No. 34-81007]

Dear Mr. Fields:

This letter responds to the request of the Securities and Exchange Commission (“Commission” or “SEC”) for comment on the Financial Industry Regulatory Authority (“FINRA”) “Notice of Filing a Proposed Rule Change to Amend FINRA Rule 7730 to Make Available a New TRACE Security Activity Report” (“Proposal”).¹ BlackRock, Inc. (together with its affiliates, “BlackRock”)² has long been a proponent of transparency in financial markets.³ To this end, BlackRock is very supportive of this Proposal and we commend FINRA for its efforts to improve transparency and data availability in US fixed income markets.

The information included in the TRACE Security Activity Report will permit greater availability of transactional data on corporate and agency bonds (“CA bonds”) that we believe will be helpful in analyzing market liquidity for these securities and filling known data gaps in fixed income markets. We agree with the Proposal that the “TRACE Security Activity Report may be useful to interested parties for business as well as regulatory purposes,” including “classifying and reviewing the liquidity risk of individual securities pursuant to Rule 22e-4 under the Investment Company Act.”⁴ Given the Commission’s commitment to encouraging robust liquidity risk management standards for open-end mutual funds, we believe that making additional data available to support liquidity assessments would be helpful in achieving the Commission’s objectives. Additionally, Chair Clayton’s recent remarks highlighted the

¹ SEC, Self-Regulatory Organizations, FINRA Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 7730 to Make Available a New TRACE Security Activity Report, 82 Fed. Reg. 29602 (Jun. 29, 2017), available at <https://www.gpo.gov/fdsys/pkg/FR-2017-06-29/pdf/2017-13583.pdf> (“Proposal”).

² BlackRock is one of the world’s leading asset management firms. We manage assets on behalf of institutional and individual clients worldwide, across equity, fixed income, liquidity, real estate, alternatives, and multi-asset strategies. Our client base includes pension plans, endowments, foundations, charities, official institutions, insurers, and other financial institutions, as well as individuals around the world.

³ See e.g., BlackRock, *ViewPoint, Addressing Market Liquidity* (July 2015), available at <http://www.blackrock.com/corporate/en-us/literature/whitepaper/viewpoint-addressing-market-liquidity-july-2015.pdf>.

⁴ Proposal at 29603.

Commission's interest in reviewing "the efficiency, transparency, and effectiveness of our fixed income markets," which could be aided by this Proposal.⁵

Importantly, we believe the Proposal balances the need for additional data, while maintaining sufficient confidentiality so as not to impede market liquidity when only a small number of large transactions take place for a given CUSIP. In particular, we are supportive of the 90-day delay in dissemination of the TRACE Security Activity Report, as well as the accommodations outlined in the Proposal if there are fewer than six capped transactions or fewer than six market participant identifiers ("MPIDs") for a particular CUSIP.

We thank the Commission for providing BlackRock the opportunity to express our support for this Proposal. Please contact the undersigned if you have any questions or comments regarding BlackRock's views.

Sincerely,

Bennett Golub
Chief Risk Officer

Alexis Rosenblum
Director

cc:

The Honorable Jay Clayton
Chairman
Securities and Exchange Commission

The Honorable Michael S. Piowar
Commissioner
Securities and Exchange Commission

The Honorable Kara M. Stein
Commissioner
Securities and Exchange Commission

⁵ Chairman Jay Clayton, *Remarks at the Economic Club of New York* (Jul. 12, 2017), available at <https://www.sec.gov/news/speech/remarks-economic-club-new-york>.