



February 21, 2023

Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street NE., Washington, DC 20549

**Re: Establishment of a Corporate Bond New Issue Reference Data Service - SR-FINRA-2019-008 / Order Scheduling Filing of Statements on Review - Release No. 34-96541**

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> appreciates the opportunity to provide additional comments related to SR-FINRA-2019-008<sup>2</sup> and FINRA’s January 19, 2023 letter<sup>3</sup> to the Commission in response to the Commission’s Order Scheduling Filing of Statements on Review<sup>4</sup> related to the costs FINRA expects to incur in building and maintaining the data service proposed in SR-FINRA-2019-008. SIFMA members will be directly impacted by this proposal, and we have submitted two letters prior to this one.<sup>5</sup> We stand by, and reiterate, all of our previous comments.

### Summary

FINRA has not provided sufficient information regarding the costs of developing the corporate bond new issue data service to allow industry participants to provide meaningful comments to the Commission regarding the justification for and impact of those fees. FINRA should provide the Commission and the public a comprehensive proposal that describes how much this data service will cost to develop and how it would propose to fund those costs.

### Discussion

Our previous letters requested that FINRA issue a comprehensive proposal including any specific fees it would charge for the reference data service along with the data submission requirements. FINRA’s

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<sup>1</sup> SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

<sup>2</sup> See Securities Exchange Act Release No. 85488, 84 FR 13977(April 2, 2019).

<sup>3</sup> See Letter from FINRA to the Securities and Exchange Commission (January 19, 2023), available here: <https://www.sec.gov/comments/sr-finra-2019-008/srfinra2019008-20155240-323579.pdf>.

<sup>4</sup> See Release No. 34-96541 (December 20, 2022), available: <https://www.sec.gov/rules/other/2022/34-96541.pdf>

<sup>5</sup> See letters from SIFMA to the Securities and Exchange Commission, dated October 24, 2019 and July 29, 2019, both available here: <https://www.sec.gov/comments/sr-finra-2019-008/srfinra2019008-20155240-323579.pdf>

January 19<sup>th</sup>, 2023 letter briefly discusses the implementation costs of this program, stating an expected upfront cost of \$1.3MM and ongoing costs of approximately \$700,000. FINRA states that “[i]n the event FINRA could not implement an effective fee for the New Issue Reference Data Service on an ongoing basis, any costs incurred to that point in connection with establishing the service would be covered from FINRA’s financial reserves without raising member dues or fees.”

FINRA does not provide a basis upon which to assess the reasonableness of these costs. Furthermore, FINRA’s letter does not provide any detail on what specific fee(s) it would propose to charge; whether it would be a flat fee or one proportional to market activity or FINRA member size, or any other details. Further, we note that FINRA reserves are a cushion built from previous fee collections, and usage of those reserves may make it more likely that fee revenue could need to be increased in the future (i.e., it is a zero-sum game).

In sum, FINRA members and potential users of this data service still do not have information about the potential costs of the service, and FINRA still has not provided sufficient information upon which to base a determination that any proposed fees are consistent with the Sections 15A(b)(5), 15A(b)(6) and 15A(b)(9) of the Exchange Act.<sup>6</sup> We reiterate our July 2019 comment that FINRA should publish a more specific proposal (including specific fee levels and the basis for and justification of those fees, and more details on the data submission requirements as discussed in our previous comment letters), and the Commission should consider that proposal carefully to ensure that FINRA’s proposal is reasonable, that the proposed fees satisfy the applicable statutory standards, and that they are fair and not unreasonably discriminatory, including analyzing the proposal under the recent Staff Guidance on SRO Rule Filings Relating to Fees,<sup>7</sup> or another acceptable means.

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If you have any questions or need any additional information, please contact me (at [REDACTED] or [REDACTED]).

Sincerely,



Christopher B. Killian  
Managing Director  
Securitization and Corporate Credit

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<sup>6</sup> 15 U.S.C. 78o-3(b)(5), (6) and (9).

<sup>7</sup> SEC’s Division of Trading and Markets, Staff Guidance on SRO Rule Filings Relating to Fees (“Staff Guidance”) (May 21, 2019).