



April 29, 2019
Vanessa Countryman
Acting Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549–1090

Re: SR-FINRA-2019-008

Dear Ms. Countryman:

ICE Data Services, a business of Intercontinental Exchange, Inc. (NYSE:ICE), appreciates the opportunity to comment on FINRA’s proposed rule change to establish a corporate bond new issue reference data service (“the Proposal”).¹ The Proposal seeks to expand existing FINRA Rules to accommodate the collection and dissemination of comprehensive reference data for new issues for the purpose of improving the reliability, consistency and timeliness of reference data to support efficient trading and settlement of corporate bonds. ICE Data Services considers the scope and structure of the Proposal from the perspective of a data vendor who provides a range of data services for global financial and commodity markets, including intra-day and end-of-day pricing and reference data, exchange data, analytics, feeds, desktop and connectivity solutions and indices.

Background on ICE Data Services

ICE Data Services provides reference data for millions of financial instruments, tracking key data points such as terms and conditions, corporate actions, entity linkages and identification information. For more than 5,000 global organizations in more than 50 countries, including major banks, brokerage firms, and investment management firms, our valuations and reference data is an essential component of the full security lifecycle across pre-trade, post-trade, settlement, reporting, risk mitigation and compliance. Our pricing and analytics services consist of an extensive set of independent evaluated pricing services focused primarily on fixed income and international equity securities, valuation calculation services, reference data, market data, fixed income and equity portfolio analytics as well as risk management analytics. Our index services offer a range of products across fixed income, equities, commodities and currencies, designed to support all aspects of the benchmarking and performance measurement process.

Summary of Benefits of the Proposal

ICE Data Services supports efforts to level the playing field for all investors, trading platforms and reference data providers, and we believe that the Proposal reflects that goal. We agree with the Proposal’s statement that the current ecosystem for circulating reference data for new corporate

¹ http://www.finra.org/sites/default/files/rule_filing_file/SR-FINRA-2019-008.pdf



bonds among market participants lacks consistency and timeliness, and that a centralized data reporting requirement for such issues could benefit the industry and investors by enhancing market transparency, potentially aiding liquidity, reducing trading costs, and lowering the cost of capital for issuers. In addition, timely dissemination of reference data will help improve the timeliness and accuracy of benchmark indices that seek to measure these markets and improve consistency across different market indices. The current system for submitting and disseminating new issue information for municipal bonds established under MSRB Rule G–34 provides a successful model and we support the Proposal’s intent to similarly collect and disseminate data for corporate bond new issues. Lastly, the timely dissemination of reference data to all trading platforms will help improve the timeliness of securities made available for trading.

Data Scope and Structure

The Proposal establishes the scope and structure of the proposed central data source to be TRACE-eligible corporate bonds and introduces 30 data fields (13 of them new) that are based, in large part, on the substance of a recent recommendation of the SEC’s Fixed Income Market Structure Advisory Committee (“FIMSAC”). ICE Data Services believes the scope of the Proposal is appropriate and we support the inclusion of the 30 data fields enumerated in the Proposal’s Exhibit 3. In our experience, we observe that values of all of the proposed data field items are typically established prior to the first transaction of a security. In turn, certain trading prior to the distribution of the information contained in the data fields creates an impediment to the goal of having a free and open market, where certain parties cannot trade without knowledge of all of the terms and pricing information. As a result, in the current landscape, customers of certain electronic trading platforms and reference data providers, could potentially have an advantage relative to the rest of the marketplace based on access to asymmetrical information.

To further support leveling the playing field across investors, trading platforms and reference data providers, we suggest that FINRA consider the following additional changes to scope and structure of the Proposal:

(1) Clarify the proposed disclosure-time requirement from “prior to the first transaction in the security.”

In our experience, the industry has multiple definitions for the timing of the “first transaction,” ranging from the time of the initial primary allocation or pricing of the new issuance to the time that a timestamp is placed on the first publicly reportable trade to TRACE (i.e. the secondary market). We believe the industry would benefit from improved clarification on the meaning of the term “prior to the first transaction,” as the difference in this time range can be significant. MSRB Rule G-34 (the equivalent rule for new issuance municipal bonds) could serve as a helpful model for better defining the term “first transaction.”

(2) The final rule should specify that entities who are third parties involved in the offering (e.g., the entities offer both services used in the new issuance and in the redistribution of reference data services) are prohibited from sharing data with affiliated corporate entities.



(3) The final rule should adopt an “Investment Grade” field instead of the proposed “Rating” field. We believe this accomplishes FINRA’s goals of determining the dissemination volume caps for each category while more closely aligning with the goals of the Dodd-Frank Wall Street Reform and Consumer Protection Act Section 939A, which required the SEC to review its regulations that require the use of an assessment of creditworthiness of a security and, in doing so, to remove any reference to or requirement of reliance on credit ratings. We also believe this alleviates the concerns raised in the Proposal under Footnote 10 which indicates that ratings data may not be disseminated due to contractual restrictions.

(4) FINRA should redistribute the collected data in structured data format (i.e. consistent and machine readable) for improved comparability and ingestion for redistribution to the broader investor community. We believe that FINRA should specify allowable value ranges or enumerations for certain fields in their output, including but not limited to Security Type, Bond Type and Coupon Type.

Conclusion

ICE Data Services strongly supports the Proposal to establish uniform reporting and dissemination of reference data for new corporate bond issues. We agree that removing the information asymmetry which currently existing in the market will contribute to greater market transparency and reduced trading and capital costs in the corporate bond market. Finally, we agree with the Proposal’s suggestion for adapting the intent of current municipal bond data reporting and dissemination framework under MSRB Rule G–34 to the new issue corporate bond context as an efficient means of achieving this objective.

Respectfully submitted,

A handwritten signature in black ink that reads "L. Martin".

Lynn Martin, President and Chief Operating Officer, ICE Data Services
Intercontinental Exchange, Inc.

cc: Alexander Ellenberg, Associate General Counsel
Financial Industry Regulatory Authority
Stephanie Dumont, Senior Vice President and Director of Capital Markets Policy
Financial Industry Regulatory Authority