TABB GROUP

Submitted Electronically to: rule-comments@sec.gov

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Office of the Secretary
Securities and Exchange Commission
100 F Street NE,
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Re: Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service [Release
No. 34–85488; File No. SR–FINRA– 2019–008]

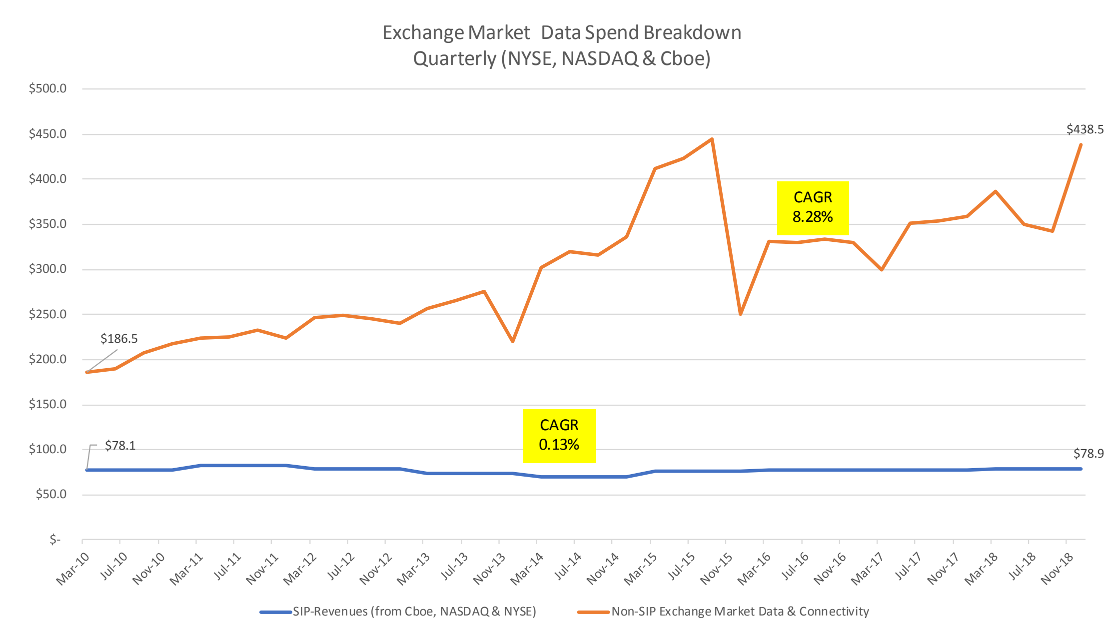
Dear Ms. Countryman

The SEC's Fixed Income Market Structure Advisory Committee (FIMSAC) recently proposed a new process to collect and disseminate enhanced reference data for new corporate bond issuance. The proposal, by the Electronic Trading sub-committee, is important for the industry.

There are, however, issues that I had raised within the sub-committee – which I believe were reflected within the sub-committee's proposal – that I would like to reiterate to the full Commission in its process of reviewing and finalizing these new rules.

While I do believe it is important to create a clean database of terms and conditions for corporate bonds upon, if not before issuance and secondary trading, I want to ensure that this database does not preclude the ability of vendors to compete in this space.

Monopolies within our industry have a problematic way of becoming overpriced and non-responsive. This is especially prescient given the market data challenges in the US equities market, where a regulated data process has kept SIP market data fees fairly constant (CAGR 0.13%) but has dramatically increased the cost of proprietary data feeds over the past decade (CAGR 8.28%). This has occurred at a time when brokerage commissions and investment



Source: Company 10Q and S1 Reports (Corporate websites & SEC/EDGAR)

management fees have plummeted as the price performance curve of computational power, storage, and connectivity has rapidly accelerated.

The market data controversy in equities illustrates why the industry and regulators should ensure that this new FINRA data structure does not turn into a fixed income data utility. This new service needs to be developed on an even footing with existing commercial entities, as otherwise it may force a reduction in investment and an overall service decline in this important industry space.

The storage and propagation of fixed income terms and conditions is a challenging process. There are 70,000 to 80,000 corporate bonds. These bond issues can be large and heavily traded, or small and privately placed. Whether large or small, active bond trading usually occurs around the issue date as these bonds are absorbed by investors – which is why obtaining the correct fixed data/income terms and conditions; getting these bonds set up promptly and accurately; and efficiently distributing this data is incredibly important to the market.

While issuers, underwriters, and their technology providers attempt to distribute all the information out to the trading platforms and brokers quickly and correctly, the vast number of issuers and underwriters means that getting clean and validated information to the whole "market" is a significant challenge.

This is the underpinning reason for enlisting FINRA to capture and distribute this information.

While having a single central body responsible for collecting and dissemination this data could help, we need to ask whether this initiative is a push to enhance the ability of the industry to get this data correct and expeditiously distributed, or an effort by the industry to undercut one or more third-party vendors that currently provide this information.

I am not opposed to the centralization and potential increase in the efficiency associated with an industry utility providing data services, I am however opposed to putting this process into an entity that in the intermediate or longer run will create a single-source provider with little competitive pressure to continually improve the process or reduce cost.

Any mistakes in capturing fixed income reference data create not only front-office challenges but back-office nightmares. While ensuring the front-office platforms have the correct information enables investors and traders to trade these bonds, getting the information right in the back office saves firms from trade breaks and fails. In addition, if these issues are not discovered/resolved by the time these bonds pay interest, coupon payment problems will cause investors either to not get their appropriate interest payments, or not get them on a timely basis.

I have personal knowledge of this space. In the early 1980s I managed the front-office fixed income trading support for a large broker-dealer, as well as the back office. When supporting the front office, I was responsible for the problematic nature of setting up bonds in our processing systems before trading. Later in my tenure at the same firm, I was responsible for the back-office clearing, settlement and accounting for bonds which fixed the many problems that occurred when these products were incorrectly set up in our systems.

While I am sure this process has gotten better since the '80s, I would venture to say that managing bond clearing, settlement and the reconciliation of coupon payments, still to this day, is somewhat problematic due to the timeliness, cleanliness, or entry of reference data.

In summary, while I am for the streamlining of fixed income terms and conditions and a more effective and efficient way to gather, clean, vet and distribute this information, I am opposed to giving FINRA, or another utility or vendor, an SEC-mandated monopoly or even a competitive advantage in this process, as it may reduce the overall quality and timeliness and increase the cost of this extremely critical data.

While we have seen the benefits of industry-driven utilities, we have also seen industry utilities create challenges, some of which the Commission currently is being asked to resolve. I hope that we can learn from these outcomes and not issue new rules that will, one future day, force the industry and the Commission to rethink the decisions we are contemplating today.