



A State Street Company

**Charles River Development,
A State Street Company**

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May 24, 2019

Vanessa Countryman
Acting Director
Office of the Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Submitted via email: rule-comments@sec.gov

Re: Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service (File Number SR-FINRA-2019-008)

Dear Ms. Countryman:

Charles River Systems, Inc. (commonly known as Charles River Development (“CRD”)), a subsidiary of State Street Corporation (“State Street”),¹ appreciates the opportunity to respond to the Financial Industry Regulatory Authority’s (“FINRA’s”) proposed rule change (“proposal”) to establish a corporate bond new issue reference data service (hereinafter referred to as “the data service”),² which is broadly aligned with the recommendations of the United States (“U.S.”) Securities and Exchange Commission-sponsored Fixed Income Market Structure Advisory Committee.

Headquartered in Burlington, Massachusetts, CRD provides front office solutions to institutional investors across all asset classes for portfolio management, trading and compliance. These products include portfolio modeling and construction, trade order management, investment risk, and compliance and wealth management solutions. CRD has in excess of 330 clients, representing \$25 trillion in assets under management.³

CRD strongly supports the establishment of the proposed data service. This reflects four considerations.

¹ Headquartered in Boston, Massachusetts, State Street specializes in the provision of financial services to institutional investor clients, such as pension plans, mutual funds, alternative investment funds, central banks, charitable foundations and endowments. This includes the provision of investment servicing, investment management, data and analytics, and investment research and trading. With \$32.643 trillion in assets under custody and administration and \$2.805 trillion in assets under management, State Street operates in more than 100 geographic markets globally as of March 31, 2019. State Street is organized as a U.S. bank holding company, with operations conducted through several entities, primarily its wholly-insured depository institution subsidiary, State Street Bank and Trust Company.

² See <https://www.govinfo.gov/content/pkg/FR-2019-04-08/pdf/2019-06786.pdf>.

³ As of January 2019.

First, the data service will facilitate access to corporate bond new issuance data in a fair, efficient, and cost-effective manner. By providing market participants with direct access to new issuance reference data, the proposed service will reduce overall costs, while permitting third party vendors to retransmit and repackage the reference data for market participants who may opt for this service. The proposed service also will increase the efficiency and interoperability of the corporate bond market and help promote fair and open competition among market participants.

Second, the proposed data service will enhance transparency in a manner that benefits both buy-side investors and the financial markets as a whole, by facilitating access to new issuance reference data for corporate bonds. This is especially valuable to the fixed income market, which has historically been more opaque than other more liquid asset classes.

Third, the creation of the data service will enhance operational efficiencies for buy-side investors by ensuring reliable, consistent and timely access to data, necessary for the seamless trading and settlement of new issue corporate bonds. The data service will make new issuance data immediately available to the market and require the reporting of all data elements prior to the first transaction in the security.

Currently, phased reporting of data elements is permitted, causing material inefficiencies in the intake and consumption of data. Eliminating the phased reporting approach will lead to the availability of more complete and consistent reference data. Moreover, the use of the data service will reduce disparities in the underlying data, which currently is heavily reliant upon the specific product offering of reference data providers.

Although we understand that this approach may lead to some operational challenges due to the shortened timeline to gather the required reference data, we believe this is more than offset by the benefits it affords investors. By providing a complete list of data elements, this approach enables effective pre-trade compliance checks, which, among other benefits, reduces the potential that an investor's funds will end up holding securities that violate the fund's investment mandate.

Finally, the proposed data service will help buy-side investors better manage their risk. This includes greater precision in the cash flow forecasting process, the reduced need for manual entries and overrides, and greater precision in the performance of the risk oversight function.

Conclusion

Thank you, once again, for the opportunity to respond to the proposal. To summarize, CRD fully supports FINRA's initiative to establish a corporate bond new issue reference data service which will facilitate the fair, efficient, transparent and timely dissemination of reference data, while lowering costs, minimizing operational complexity and managing risks for buy-side investors.

Please feel free to contact me at [REDACTED] should you wish to discuss this submission in further detail.

Sincerely,



John Plansky