



## CENTER FOR CAPITAL MARKETS COMPETITIVENESS

**TOM QUAADMAN**  
EXECUTIVE VICE PRESIDENT

1615 H STREET, NW  
WASHINGTON, DC 20062-2000

October 24, 2019

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

**RE: Amendment No. 2 to a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service (Release Number 34-87232; File Number SR-FINRA-2019-008)**

Dear Secretary Countryman:

The U.S. Chamber of Commerce's Center for Capital Markets Competitiveness ("CCMC") welcomes the opportunity to again comment to the U.S. Securities and Exchange Commission ("SEC" or "Commission") regarding the Financial Industry Regulatory Authority's ("FINRA") Proposal to establish a corporate bond new issue reference data service.

In our April 29, 2019 and July 29, 2019 submissions,<sup>12</sup> we discussed several detailed concerns, including that the Proposal:

- would diminish competition decreasing market efficiency;
- may have inconsistencies that may frustrate normal notice and comment procedures;
- differs substantially from the Municipal Rulemaking Board's (MSRB's)

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<sup>1</sup> See Letter from Tom Quaadman, Executive Vice President, U.S. Chamber of Commerce, April 29, 2019, available at <https://www.sec.gov/comments/sr-finra-2019-008/srfinra2019008-5421304-184608.pdf>.

<sup>2</sup> See Letter from Tom Quaadman, Executive Vice President, U.S. Chamber of Commerce, July 29, 2019, available at <https://www.sec.gov/comments/sr-finra-2019-008/srfinra2019008-5884619-188809.pdf>.

proposal for a new issue information dissemination service;

- would expose the market to a conflict of interest between FINRA's commercial and regulatory roles;
- would increase regulatory and liability burdens for underwriters; and
- would impose fees that are not justified as required by law.

We applauded the Commission for instituting proceedings to determine whether to approve or disapprove the proposed rule change. Accordingly, we continue to respectfully request disapproval of the proposed rule. We also ask that our April 29, 2019 and July 29, 2019 letters be made a part of this record.

The "Partial Amendment" to the Proposal ("Amended Proposal")<sup>3</sup> does not meaningfully address the issues raised by the Chamber, or by numerous other groups representing a broad spectrum of market participants and interested stakeholders. Indeed, the only two changes offered by the Amended Proposal seem to move in the wrong direction.

The Amended Proposal would increase the number of fields underwriters are required by FINRA to submit. Such a change would increase the regulatory and liability burden for underwriters.

FINRA also removed the proposed monthly fees of up to \$6,000 per month from the Amended Proposal, purporting to place them on some separate track for consideration "at a future date prior to implementing the service." We are concerned that this change was done to shield the fees from criticism and scrutiny.

Equally concerning, FINRA's change in course also suggests it may seek to avoid the traditional notice-and-comment process by later characterizing the fee portion of its Amended Proposal as "effective upon filing." Such a move would be damaging to public involvement and confidence in FINRA's rulemaking procedure. It would also stand in stark contrast with recent Commission moves to *limit* effective-upon-filing fee amendments under Reg NMS.

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<sup>3</sup> See Securities Exchange Act Release No. 34-87232 (October 4, 2019), 84 FR 54712 ("Second Amended Proposal").

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This new FINRA initiative would impose significant costs on the market, including the smallest underwriters. It is hard to see how an assessment of the net benefits can be made without knowing the costs of a FINRA-administered data system. Without that showing, the Amended Proposal is facially deficient and should not be approved.

In conclusion, we urge the SEC to disapprove this proposed rule change. We encourage the SEC and FINRA to maintain competition in reference data services for the corporate bond market.

Sincerely.

A handwritten signature in black ink, appearing to read 'T. Quaadman', with a long, sweeping horizontal stroke extending to the right.

Tom Quaadman