

June 24, 2022

Ms. Vanessa A. Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549–1090

**Re: Enhancements to TRACE Reporting for U.S. Treasury Securities**

Citadel Securities appreciates the opportunity to provide comments to the Securities and Exchange Commission (the “Commission”) on the FINRA proposal to enhance the regulatory reporting regime for U.S. Treasury securities (the “Proposal”).<sup>1</sup>

We have consistently supported increasing the quality of U.S. Treasury market data that is made available to the official sector in order to improve monitoring, surveillance, and analytical capabilities. In addition, with comprehensive data, regulators and policymakers are better equipped to evaluate additional policy proposals to modernize the regulatory framework applicable to Treasuries.

This Proposal would enhance the current regulatory reporting regime for Treasuries by improving the timeliness of reported data, requiring secondary market Treasury transactions to be reported to FINRA “as soon as practicable,” but no later than 60 minutes after execution, in contrast to the current end-of-day reporting requirements.

We agree that this proposed reduction in reporting timeframes would provide the official sector with access to more timely data regarding intraday pricing and liquidity dynamics. In addition, we agree that the implementation costs are likely to be low, as FINRA observed that more than 95% of transactions are already being reported within 60 minutes after execution.<sup>2</sup>

While FINRA declined to take this opportunity to fully harmonize with the reporting timeframes for other fixed income instruments, such as corporate bonds and agency debt securities (which generally must be reported to FINRA within 15 minutes of execution), requiring transactions to be reported “as soon as practicable” should encourage market participants to continue to reduce reporting timeframes. Of note, FINRA has observed that nearly all firms reporting Treasury transactions also report corporate bond and agency debt security transactions, meaning the infrastructure is in place to report much closer to real-time.<sup>3</sup>

Real-time regulatory reporting is a prerequisite to implementing public reporting of Treasury transactions, a policy measure that promises to enhance transparency, efficiency, and resiliency in

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<sup>1</sup> 87 Fed. Reg. 33844 (June 3, 2022), available at: <https://www.govinfo.gov/content/pkg/FR-2022-06-03/pdf/2022-11878.pdf>.

<sup>2</sup> Proposal at 33848.

<sup>3</sup> *Id.*

the U.S. Treasury market and that has received significant support.<sup>4</sup> We thus recommend that the Commission continue to work with FINRA and other relevant policymakers in considering how to most effectively implement public reporting in the U.S. Treasury market.

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We appreciate the opportunity to provide comments to the Commission on further enhancing the reporting regime for U.S. Treasuries. Please feel free to call the undersigned with any questions regarding these comments.

Respectfully,

/s/ Stephen John Berger

Managing Director

Global Head of Government & Regulatory Policy

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<sup>4</sup> See, e.g., “Enhancing Post-Trade Transparency for U.S. Treasuries,” Program on International Financial Systems, (June 2022), available at: <https://www.pifsinternational.org/wp-content/uploads/2022/06/Enhancing-Post-Trade-Transparency-for-U.S.-Treasuries-06.21.22.pdf>; Pat Parkinson, Time to Deliver Public Transparency the U.S. Treasury Market, Bank Policy Institute (Apr. 5, 2022); Chair Gensler, “The Name’s Bond:” Remarks at City Week (Apr. 26, 2022), <https://www.sec.gov/news/speech/gensler-names-bond-042622>; and Treasury Market Transparency Act of 2022 (Apr. 5, 2022), <https://docs.house.gov/meetings/BA/BA00/20220512/114746/BILLS-117pihTreasuryMarketTransparencyActof2022.pdf>.