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Ms. Vanessa Countryman  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, D.C. 20549-1090

Submitted via email to: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

December 20, 2023

Dear Ms. Countryman:

**Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change Relating to Dissemination of Information on Individual Transactions in U.S. Treasury Securities and Related Fees (File No. SR-FINRA-2023-15)**

The Alternative Investment Management Association (“AIMA”)<sup>1</sup> appreciates the opportunity to submit this response to the U.S. Securities and Exchange Commission (“SEC” or “Commission”) regarding the Financial Industry Regulatory Authority’s (“FINRA”) proposed rule changes that would permit it to publicly disseminate information on individual transactions in certain U.S. Treasury securities (the “Proposal”).<sup>2</sup> AIMA’s manager members are active participants in the Treasury markets, and we have

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<sup>1</sup> AIMA, the Alternative Investment Management Association, is the global representative of the alternative investment industry, with around 2,100 corporate members in over 60 countries. AIMA’s fund manager members collectively manage more than \$2.5 trillion in hedge fund and private credit assets. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programs and sound practice guides. AIMA works to raise media and public awareness of the value of the industry. AIMA set up the Alternative Credit Council (ACC) to help firms focused in the private credit and direct lending space. The ACC currently represents over 250 members that manage \$1 trillion of private credit assets globally. AIMA is committed to developing skills and education standards and is a co-founder of the Chartered Alternative Investment Analyst designation (CAIA) – the first and only specialized educational standard for alternative investment specialists. AIMA is governed by its Council (Board of Directors). For further information, please visit AIMA’s website, [www.aima.org](https://www.aima.org).

<sup>2</sup> Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc., “Notice of Filing of a Proposed Rule Change Relating to Dissemination of Information on Individual Transactions in U.S. Treasury Securities and Related Fees”, 88 Fed. Reg. 77388 (Nov. 9, 2023)

The Alternative Investment Management Association Ltd (Washington, D.C. Branch)

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long been a proponent of properly-calibrated post-trade transparency, particularly in U.S. Treasury markets.

Timely or real-time public reporting in fixed income asset classes has improved: (i) market resiliency by increasing investor confidence during times of stress;<sup>3</sup> (ii) price discovery and broadened the supply of liquidity;<sup>4</sup> (iii) risk management practices;<sup>5</sup> and (iv) investor analysis of execution quality.<sup>6</sup> We believe the Proposal will enhance these benefits; it addresses concerns about information leakage by delaying dissemination until the end of day, and it imposes reasonable size caps. Accordingly, we support the Proposal and encourage the Commission to approve it.

Although we support the proposed transaction size caps, FINRA should use a notional amount calculation – similar to that adopted by the Commodity Futures Trading Commission (“CFTC”) – to determine the appropriate block size. The CFTC has prescribed a 67% notional amount threshold, which ensures that approximately two-thirds of the sum of all notional amounts of a particular instrument is reported on a real-time basis.

After the amendments contemplated in the Proposal are implemented, FINRA should take additional steps<sup>7</sup> that would further enhance Treasury market transparency and therefore its resiliency. First, the most liquid on-the-run Treasury securities should be subject to the shortest block delays. A 15-minute delay has been implemented for block trades in the corporate bond, municipal bond and swaps markets; therefore, FINRA could establish a similar delay for on-the-run Treasury securities. Second, we recommend that FINRA expand the scope of instruments that are publicly reported on a transaction-by-transaction basis to first, second and third old off-the-run Treasury securities. Public dissemination of this data could occur within a couple of hours after execution with the goal of further reducing that delay over time.<sup>8</sup>

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<sup>3</sup> When investors are confident that the prices they receive from counterparties are fair and reasonable, they are more likely to continue trading during times of stress.

<sup>4</sup> Post-trade transparency reduces information asymmetries, increasing the likelihood that additional market participants will compete for orders. Academic research studying the 144A corporate bond market found that real-time post trade transparency broadened the supply of liquidity by allowing new dealers to compete for order flow, in turn resulting in lower customer trading costs.

<sup>5</sup> Real-time public reporting improves risk management as market participants are equipped to quote prices, commit capital and warehouse risk more confidently. Trading venues and central counterparties can also use the additional data (i.e., data for off-exchange or uncleared transactions) to better calibrate their risk management tools.

<sup>6</sup> Public post-trade transparency enables investors to better evaluate the quality of trade executions. Indicative quotes available today from liquidity providers are not sufficient to assess execution quality, and without information regarding the price and size of executed trades in a particular instrument, an investor has limited ability to discern whether the execution received was in line with contemporaneous transactions.

<sup>7</sup> These suggestions are consistent with AIMA’s response to the Department of the Treasury’s (“Treasury”) request for information on additional transparency for secondary market transactions in U.S. Treasury securities. See Letter from Jiří Król, Deputy CEO, Global Head of Government Affairs, AIMA, to Brian Smith, Deputy Assistant Secretary for Federal Finance, Treasury, August 31, 2022, available at <https://www.regulations.gov/comment/TREAS-DO-2022-0012-0027>.

<sup>8</sup> Assuming the initial delay is shown not to impair liquidity and/or bid-ask spreads.



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For further information or if you have any questions, please contact Daniel Austin, Director, U.S. Policy and Regulation, at [daustin@aima.org](mailto:daustin@aima.org).

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Jiří Król". The signature is stylized and cursive.

Jiří Król  
Deputy CEO, Global Head of Government Affairs  
AIMA