

Please find below comments on the behalf of BVAL, Bloomberg's Valuation Service:

Limiting dissemination to trades under one million dollars current face, in our view, will provide limited transparency into the market for these asset classes as a whole. These are institutional markets as evidence by the fact that $\leq 1\%$ of this market trades in sizes under \$1MM. Odd-lots trade to a different buyer base and typically trade at a discount to their round-lot counterparts. As such, odd-lot data is not relevant with respect to providing transparency to the broader market and will not be used in our evaluated pricing.

Dissemination of prices on a delay has the potential to be useful as it would allow the market to infer relative value for various structural and collateral characteristics without disclosing real time trading levels. However, restricting this dissemination to bonds with 5 trades over a one month period would heavily restrict its usefulness. Due to this, we do not see it as something impactful from the perspective of a pricing provider.

Please let me know if you have any questions.



April 10, 2015

Marcia E. Asquith
Office of Corporate Secretary
FINRA
1735 K Street, NW
Washington DC 20006-1506

Dear Ms. Asquith:

Re: Trade Reporting and Compliance Engine (TRACE) Request for Comment

The Association of Institutional INVESTORS (“Association”) would like to thank you for the opportunity to respond to the Financial Industry Regulatory Authority’s (“FINRA”) request for comment on a proposal to expand the dissemination of TRACE data (Regulatory Notice 15-04). We would like to use this opportunity to share the Association’s perspectives and outline a set of recommendations on specific aspects of the proposal that may impact the U.S. Commercial Mortgage Backed Securities (“CMBS”) market.

The Association consists of some of the oldest, largest, and most trusted institutional investment advisers. Our clients are primarily institutional investment entities that serve the interests of investors who are the asset owners through public and private pension plans, foundations, trusts, and registered investment companies. Collectively, our member firms provide advisory services to more than 80,000 pension plans, mutual funds, and similar investment entities on behalf of more than 100 million American workers and retirees. Our clients rely on us to prudently manage participants’ retirements, savings, and investments. This reliance is built, in part, upon the fiduciary duty owed to these organizations and individuals. We recognize the significance of this role, and the concerns we raise in this letter are intended to reflect not only the concerns of the Association but also the concerns of the companies, labor unions, municipalities, families, and individuals we ultimately serve.

We strongly favor FINRA’s proposal to further expand the list of Securitized Products that are subject to public trade dissemination. Providing this transparency will be extremely beneficial to all market participants and greatly assist in price discovery and in decreasing price dispersion. The Association sincerely appreciates the efforts that have been undertaken by FINRA to enhance transparency in the Securitized Products marketplace. We believe that over the long

term, this much needed transparency will assist in creating a more sustainable market. In the sections below, we will share our perspectives on the proposal and offer specific recommendations regarding FINRA's proposed two-tiered approach to disseminate trade data.

Benefits of Dissemination of Transaction Information

Currently the price discovery process for Securitized Products is opaque and potentially selective. To illustrate this point, absent a TRACE-like reporting mechanism, the entire buy-side is dependent on dealers to provide pricing context on whichever bonds they choose, when they choose, and to the investment firms they choose. TRACE dissemination has the potential of greatly benefiting the whole market by making pricing information broadly available. Systematic reporting would also:

- Improve the accuracy of the information being shared
- Improve the reliability of bond pricing services that are used by the broad market, and which frequently rely on direct pricing information from dealers
- Increase investor confidence in participating in the market due to enhanced pricing transparency

Recommendations regarding Thresholds for Dollar Amount and Number of Transactions

We understand that FINRA proposes to disseminate trade data using a two-tiered approach:

1. For transactions valued under \$1 million FINRA proposes to report trade-by-trade information in real time.
2. For transactions valued at greater than \$1 million there will be no real-time information. Instead, FINRA would disseminate aggregated transaction information via both weekly and monthly periodic reports, provided that five or more transactions occurred in the security in the period.

The dissemination by TRACE can have a tremendous positive impact on the price discovery of all securities, particularly those less frequently traded. TRACE rules should be designed to ensure that price disclosure information encompasses all securities and is relevant to a large majority of market participants.

We understand that using a \$1 million threshold to determine whether individual trade disclosure is required may help address concerns regarding proprietary trading strategies or investor privacy. However, the Securitized Products market is largely an institutional market, and a \$1 million threshold is too low to be relevant to most participants.

We would also note that any thresholds with respect to the minimum number of transactions required for TRACE reporting will exclude a meaningful portion of trades in Securitized Products and would therefore undermine the goal of the proposed rules. Unlike the Corporate bond, Securitized Products often have very small class sizes that may trade infrequently – some may not even trade more than once or twice annually let alone five times a month.

In view of the observations above, we recommend that the two-tiered approach be modified as follows:

1. FINRA should eliminate the transaction frequency thresholds.
2. For all transactions under \$5 million, trade-by-trade information should be provided on a real time basis and dissemination should include the following data: price, amount of the transaction, type of buyer, and type of seller.
3. For all transactions above \$5 million we recommend a reporting standard that at a minimum discloses trade by trade details including price, type of buyer and type of seller, with individual transaction amounts reported as “\$5M+” on a five day delay. We encourage FINRA to evaluate potential market implications, and, if appropriate, increase this recommended minimum standard to a real time reporting basis.

We also recommend that FINRA closely monitors the market impact after the adoption of the final rules, and maintains an open dialogue with market participants to identify possible shortfalls and make any necessary adjustments.

The Association believes that FINRA’s proposal to further expand the list of Securitized Products subject to public trade dissemination would greatly benefit all market participants – especially in terms of assisting with price discovery and decreasing price dispersion. A consistent, accurate price discovery source that is readily available to all market participants would help strengthen the marketplace over the long term, creating a more sustainable market through business and lending cycles.

We very much appreciate the opportunity to share our perspectives and recommendations with you. We would like to thank you again for your efforts on behalf of the U.S. financial system in creating a more transparent marketplace in Securitized Products. Please do not hesitate to contact me at jgidman@loomissayles.com or (617) 748-1748 or Francisco Paez at fpaez@metlife.com or (973) 647-3055 should you have any questions.

On behalf of the Association of Institutional INVESTORS,



John Gidman
President
Association of Institutional INVESTORS



April 13, 2015

Submitted Via Email to pubcom@finra.org

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: *FINRA Regulatory Notice 15-04: Proposal to Disseminate Additional Securitized Products and to Reduce the Reporting Time Frame for These Products*

Ladies and Gentlemen,

The Securities Industry and Financial Markets Association (“SIFMA”¹) is pleased to respond to FINRA’s request for comment on FINRA’s proposed rule (the “Proposal”) to begin dissemination of data for transactions in other Securitized Products, specifically, collateralized mortgage obligations (“CMOs”), commercial mortgage-backed securities (“CMBs”) and collateralized debt obligations (“CDOs”).²

1. Summary of the Proposal

The Proposal would implement shorter reporting timeframes for various securitized products transactions (initially forty-five minutes for six months, then fifteen minutes), as well as real-time dissemination of trade information. Volume information would be capped at \$1,000,000. For trades below \$1,000,000, FINRA proposes to report trade-by-trade information in real time. For trades above \$1,000,000, FINRA proposes to disseminate aggregated transaction information via both weekly and monthly periodic reports, provided that five or more transactions occurred in the security in the period. The proposal also seeks to revise new issue CMO reporting time from the earlier time that the security is assigned a CUSIP or the date of issuance of the security to no later than two business days prior to the first settlement date of the security.

2. Summary of SIFMA Views

While SIFMA members agree with FINRA that there may be benefits to price discovery as a result of dissemination of trade information regarding other securitized products, we also believe the proposal has the potential to negatively impact market liquidity, as previous proposals have done in the TBA, specified pool and the high-yield markets. We request that FINRA decrease the dissemination cap from \$1,000,000 to \$100,000, increase the transaction threshold for the aggregate reports from five to twenty, only disseminate secondary CMO trades, and

¹ SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit www.sifma.org.

² FINRA Regulatory Notice 15-04, available here: http://www.finra.org/sites/default/files/notice_doc_file_ref/Notice_Regulatory_15-04.pdf



remove last price and last trade date from the aggregate reports. We also offer granular comments on the proposal.

3. Maintaining and Enhancing Market Liquidity, Not Enhancing Price Discovery, Should be the Highest Priority

SIFMA members are focused on ensuring continued liquidity of the securitized products markets. We are concerned that price dissemination can harm liquidity as our members believe has happened in the high-yield bond, TBA and specified pool markets. Our concern is that the negative impacts of price dissemination could extend to the CMO, CDO, and CMBS markets as defined in the proposal. SIFMA's buy- and sell-side members have consistently noted impairment of liquidity in the TBA MBS markets since dissemination was introduced in 2012. To summarize, members view the implementation of dissemination of trade information for TBAs as having contributed to an overall decrease in liquidity in this market, due in large part to a decrease in the willingness of market makers to take on risk especially in meaningful size. Market makers are less willing to take on large trades from their buy-side counterparties when the identity of their position becomes immediately known. Similar effects have been noted in other markets subject to dissemination, in particular the MBS specified pool market and the high yield corporate market. In these markets, we believe that the benefits of improvements to price discovery have been outweighed by the cost of decreased liquidity, and we continue to strongly urge FINRA to revise the dissemination paradigm it has created.

4. Dissemination Caps should be Lowered

SIFMA members believe the dissemination threshold should be lowered from \$1,000,000 to \$100,000 to ensure only truly retail-sized transactions securities are subject to real-time dissemination. The lowered threshold should not be detrimental to retail investors since they are generally involved in trade sizes of less than \$100,000.

A primary concern with the \$1,000,000 threshold is that the disseminated information could be misleading to retail investors, particularly in regards to CMOs. When CMOs trade in the inter-dealer market, they trade at larger sizes than is typical for retail transactions. As a CMO is paid down, a bond with an original face of \$1,000,000 can get factored down to as low as \$10,000 and pricing on smaller trades can be different from pricing on larger trades. Therefore pricing information on institutional trades could be misleading to retail investors who are relying on a price reported to TRACE based off the original face.

As FINRA knows, the structure of CMOs and other securitized products can be complex. Structures may contain dozens of tranches, each unique, relatively small, and not necessarily comparable. Unlike corporate or municipal bonds, mortgage-related products have average life variations that are uniquely dependent on mortgage prepayments. This market is already illiquid and disseminating larger sized trades on a per-trade basis will further hinder it. For these reasons, SIFMA members believe \$100,000 is a more appropriate threshold for the dissemination of trade-by-trade information.

5. Aggregate Report Thresholds should be Higher

SIFMA members believe the threshold number of transactions for a CUSIP to appear in a weekly or monthly report should be increased from five transactions to twenty transactions. Liquidity in the securitized products markets will be least impacted by price dissemination if only truly actively traded CUSIPs are captured in the weekly and monthly reports. When considering threshold numbers of transactions, it is important to recognize is that one trade can often lead to many related trades in a very short amount of time, but this does not necessarily signify that a product is widely traded. For example, a client could sell a bond to a dealer who is bidding on behalf of a client. That results in two trades that are related to a single transaction. Indeed, any trade where a dealer is acting as an agent or riskless principal will necessarily involve two trades. Similarly, if to fill a customer order a dealer



needs to source a bond from another dealer, that will involve a minimum of two trades, and could involve three or more (if the other dealer sources the bond from a customer or another dealer). While these situations may involve two or more discrete trades, if they are executed in the same day they really are one linked transaction.³ To further illustrate this point, if (A) Investor A sells \$20,000,000 of CUSIP XYZ to Broker Dealer, and (B) Broker Dealer then resells the same position to Investors B, C, D and E in four \$5,000,000 lots over a period of days (which would be common), then each of the “buys” and “sells” would be disseminated but the dealer is risk managing a single sale transaction. Our members believe that too granular of trade level reporting is likely to have a negative impact on liquidity, without providing materially improved market transparency.

SIFMA members also believe that the transaction threshold should not be reduced from five transactions to four transactions at the end of the 18 month pilot period, for the same reasons mentioned above.

SIFMA also requests that last price and last trade date be excluded from the weekly report. Knowing last price and last trade date could allow for the ability to reverse engineer which firms placed which trades thereby providing a competitive advantage to those firms that are able accurately predict how a firm might trade a certain product. Price discovery can still be attained through the omission of last price while at the same time allowing firms to retain some anonymity and mask trading strategies. For example, the inclusion of average price in the aggregate report would allow for price discovery while also masking most trading strategies. As has been seen with other fixed income products, liquidity tends to suffer once trading strategies can be potentially exposed.

6. Dissemination of “Primary” CMO Trades should be Aligned with other TRACE-Eligible Products

We understand that FINRA does not intend to require reporting firms to designate CMO transactions as either primary or secondary with P1/S1 indicators as is done for corporate bond and agency debt transactions, and as we understand will be the policy for asset-backed securities (“ABS”). Based on our understanding, all CMO trades will be disseminated (subject to other provisions in the proposed rule related to dissemination size caps and aggregate reports). SIFMA members believe the dissemination of CMO trades should mirror the current practice for corporate bonds, agency debt and the planned practice for ABS -- in that only secondary trades be subject to dissemination.

SIFMA members believe that a CMO trade should be considered primary if the transaction is executed pre-first-settlement as well as in instances where a dealer has retained an entire CUSIP and sells it into the market for the first time post-first-settlement date for the issuance. For example, if a CMO has six tranches and five tranches are traded pre-settlement of the deal and the sixth is not sold until post-settlement, for reasons such as lack of liquidity in the market, then all those transactions should be considered primary transactions and not be subject to dissemination.

7. Change to Reporting Time for Pre-Issuance CMO Transactions is Positive

SIFMA engaged FINRA in the past and requested that new issue CMO reporting time be changed since some small and mid-size firms lack the head count and resources to actively monitor all CMO data feeds and in turn might not know if a CUSIP has been issued. SIFMA members welcome the move to revise the reporting time of new issue CMOs and strongly support its implementation.

³ Accordingly, transactions which are subject to FINRA’s proposed rules on matched trades should not count as multiple trades for the purposes of TRACE dissemination.



8. Implementation Date Considerations

We believe one year is an adequate amount of time for firms to prepare for implementation of the proposed changes. We also recommend FINRA publish any technical specifications regarding the proposed changes as far in advance as possible, and further in advance than technical specifications were published for ABS dissemination.

Please contact Chris Killian (ckillian@sifma.org) or Joe Cox (jcox@sifma.org) with any questions or for more information. Thank you for your consideration of our comments.

Regards,

A handwritten signature in blue ink that reads "Chris Killian".

Christopher B. Killian
Managing Director
Securitization



21 Dupont Circle, NW • Suite 750
Washington, DC 20036
202.204.7900
www.bdamerica.org

April 9, 2015

VIA ELECTRONIC MAIL

Marcia E. Asquith
Office of the Corporate Secretary
Financial Industry Regulatory Authority
1735 K Street, NW
Washington, DC 20006-1506

RE: FINRA Regulatory Notice 15-04: FINRA Requests Comment on a Proposal to Disseminate Additional Securitized Products and to Reduce the Reporting Time Frame for These Products

Dear Ms. Asquith:

On behalf of the Bond Dealers of America (“BDA”), I am pleased to submit this letter in response to the Financial Industry Regulatory Authority’s (“FINRA”) Regulatory Notice 15-04 (the “Notice”), requesting comment on a proposal to expand dissemination of TRACE data to include additional Securitized Products, specifically collateralized mortgage obligations (CMOs), commercial mortgage-backed securities (CMBSs), and collateralized debt obligations (CDOs). BDA is the only Washington, DC based group representing the interests of middle-market securities dealers and banks focused on the United States fixed income markets and we welcome this opportunity to present our comments on this Notice.

BDA supports initiatives to increase market transparency, but has concerns with how this proposal would impact market liquidity and quality and the small-to-medium sized dealers who facilitate transactions in these specialized securities. From an operational perspective, BDA is concerned with the proposal’s 15-minute reporting requirement time frame as it relates to these specific fixed-income securities. The securitized products that are the focus of the Notice are, as FINRA notes, more complex than other fixed-income securities. This is especially true from an operational perspective. Additionally, BDA believes that the current regulatory environment is creating uneven burdens across firms of different sizes. Regulatory actions that demand greater investment in technology or compliance personnel have a disproportionate impact on smaller market participants relative to larger market participants. BDA believes that these disproportionate burdens negatively impact market competition and degrade overall market liquidity and quality.

BDA is extremely concerned with the impact of regulatory actions on competition especially related to the ability of smaller dealers to compete.

BDA is concerned with how regulatory transparency initiatives will include requirements that will place disproportionate regulatory burdens on the smaller dealers that are active in these markets. Any action taken to increase market transparency that does not strike the right balance between the impact of greater transparency on liquidity and competition could harm market quality and ultimately investor pricing. This concern is especially acute in relation to the smaller trade sizes that are most frequently traded for the benefit of retail investors by smaller dealers.

The securitized products that are the focus of the Notice typically trade in “odd lot” sizes. Rarely do trades take place in clean, round whole-number quantities. Small-to-medium size dealers have been the traditional liquidity providers in the smaller quantity odd-lot market. Due to the irregular trade quantities, these securities present some unique operational challenges. Specifically, dealers in this market make de minimis trade edits with greater frequency post-execution. Currently, smaller dealers operating in this market spend significant time and resources to ensure accurate trade reporting—in relation to the current, end-of-day TRACE trade reporting requirement. To these liquidity providers, the 15-minute trade-reporting requirement will present significant challenges.

BDA is concerned that the proposal’s 15-minute post-execution reporting requirement does not acknowledge the operational challenges small-to-medium sized dealers currently face specifically with CMO, CMBS, and CDO securities.

The proposal’s 15-minute reporting requirement will increase operational, compliance, and regulatory complexity for a group of securities that are inherently more complicated than most other fixed-income securities from an operational standpoint. While the Notice states there will be “no anticipated operational impact,” BDA is concerned that an unnecessarily tight post-execution reporting time requirement will increase the frequency of small, de minimis trade corrections—made after the expiration of the 15-minute reporting window. This would cause an increase in fines amongst dealers, especially small-to-medium sized dealers with less operational personnel, who make every reasonable effort to comply with the letter and spirit of the trade-reporting requirements.

When the reporting time frame is ultimately reduced to 15 minutes, smaller dealers will face significant challenges consistently reporting trades accurately. This could lead to an unnecessary increase in regulatory fines for late-trade reporting for smaller dealers. Furthermore, dealers may be required to hire additional operational staff to verify odd-lot trade details within the 15-minute window. This may not be economically feasible for certain smaller dealers currently providing liquidity to this market.

BDA urges FINRA to be cognizant of the trade offs between the benefits of increasing transparency relative to the liquidity impacts of creating a bifurcated market with a disproportionate regulatory burden on smaller dealers who are the primary liquidity providers to the retail-focused portion of the market. BDA urges FINRA to provide a market-based rationale for why the 15-minute reporting requirement, as opposed to a longer length-reporting requirement, is the proper requirement for these specific, more complex and operationally-intensive securities.

BDA appreciates the fact that FINRA is proposing a phased-in approach that will reduce the timeframe from 45 minutes to 15 minutes after execution. But, the shift from end of day reporting to the 15 minutes after execution time frame is the reduced reporting timeframe that demands greater study. BDA urges FINRA to move cautiously and consider the value of a longer post-execution reporting timeframe that acknowledges the unique operational challenges that exist in this marketplace, especially for smaller dealers.

BDA requests that FINRA provide a market-based rationale for why the \$1 million transaction-based threshold for real-time reporting represents the optimal balance between any purported benefits from increased transparency and the potential for negative liquidity and pricing issues for retail investors in smaller trade sizes.

In the Notice, FINRA acknowledges—by choosing not to require any dissemination for additional Securitized Products that trade five times or less over a given period—that less transparency is appropriate for transactions of \$1 million or greater in less frequently traded securities. Based on FINRA’s 2013 observation period the criteria outlined in the Notice would not have provided transparency for 21 percent of trades. FINRA notes that this decision is appropriate based on concerns with disclosing trading strategies “given the bespoke nature of these products.”

BDA agrees with FINRA’s description of these securities as “bespoke” and believes that FINRA should provide greater attention to the potential negative market pricing and liquidity impacts that real-time disclosure will have on smaller trade sizes. Real-time reporting for trades of less than \$1 million will impact market pricing and liquidity and impact trading strategies, as dealers will need to be more cognizant of the impact of real-time reporting information impacting the market prices of securities held in inventory. BDA requests that FINRA provide a rationale—as it has done with the choice to constitute the proposal in order to prevent information leakage in less frequently traded securities—for why the \$1 million trade size limit balances market liquidity and retail pricing concerns with the desire to create greater transparency.

BDA believes this proposal could result in increased trading in securitized products by financial institutions that are not required to comply with TRACE reporting requirements.

BDA notes that some participants in these markets are banking institutions that do not have to comply with TRACE reporting requirements. This difference in regulatory

reporting requirements already places dealers at a competitive disadvantage because greater regulatory costs apply to dealers who must report to TRACE.

BDA urges FINRA to contemplate the impact of creating a transparency rule—with an overly burdensome reporting requirement—that would cause non-dealer financial institutions to attain greater market share at the expense of dealers, especially smaller dealers, strictly because dealers are required to report trades. BDA believes a shift in trading to non-reporting institutions would degrade the value of TRACE information dissemination to the marketplace and create a playing field that would illogically favor banking institutions.

BDA believes that the proposed amendments to FINRA Rule 6730 are improvements and would make it easier for smaller dealers to operate in the CMO market.

BDA is supportive of the proposed amendments to FINRA Rule 6730 to change the reporting time frame for pre-issuance CMO transactions. BDA recommends FINRA reduce the reporting timeframe further. BDA believes that a further reduction, to settlement minus one day would provide additional benefits to the market. On settlement minus one day, the CUSIP associated the CMO will be widely known by CMO market participants.

Thank you again for the opportunity to submit these comments.

Sincerely,

A handwritten signature in blue ink that reads "Michael Nicholas". The signature is written in a cursive, flowing style.

Michael Nicholas
Chief Executive Officer

FINANCIAL INFORMATION FORUM

5 Hanover Square
New York, New York 10004

212-422-8568

Via Electronic Delivery

April 7, 2015

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: FINRA Notice 15-04 – FINRA Requests Comment on a Proposal to Disseminate Additional Securitized Products and to Reduce the Reporting Time Frame for These Products

Dear Ms. Asquith,

The Financial Information Forum (FIF)¹ would like to take this opportunity to comment on *FINRA Notice 15-04 - FINRA Requests Comment on a Proposal to Disseminate Additional Securitized Products and to Reduce the Reporting Time Frame for These Products* (“Request for Comment”). We appreciate FINRA’s willingness to seek feedback on the important issues outlined in the notice.

In responding to FINRA’s Request for Comment, FIF is focused on aspects of the Notice with operational or implementation impacts. In summary, FIF recommends the following:

1. Align the proposed changes to collateralized mortgage obligations (CMOs), commercial mortgage-backed securities (CMBSs) and collateralized debt obligations (CDOs) (collectively referred to as “additional Securitized Products”) with those changes that will become effective June 1, 2015 for asset-back securities, specifically with respect to: a) suppressing the contra-party indicator in disseminating transaction details; and b) identifying transactions that meet the definition of a List or Fixed Offering Price Transaction, as defined in Rule 6710(q).
2. Modify the amendment to Rule 6730 to change the reporting time frame for transactions in CMOs that are executed before the issuance of the security to the actual first settlement date of the security, rather than the proposed two business days prior to the first settlement date.
3. Provide the file of TRACE-eligible CUSIPs to facilitate compliance with pre-issuance CMO reporting.

FIF’s perspectives on the proposals in the Request for Comment are discussed in more detail below.

¹ FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the securities industry across the order lifecycle. Our participants include trading and back office service bureaus, broker-dealers, market data vendors and exchanges. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

Alignment of Changes in Asset-Backed Securities and Additional Securitized Products

FIF members believe the proposed changes to additional Securitized Products should be aligned with certain upcoming changes to dissemination of asset-backed securities outlined in Regulatory Notice 14-34² effective June 1, 2015. The Request for Comment specifically discusses FINRA's decision to not disseminate the contra-party indicator on transactions in asset-backed securities and asks if this same provision should be extended to additional Securitized Products including CMOs, CMBSs and CDOs. Similarly, the Request for Comment discusses use of an indicator in reporting transactions that meet the definition of a "List or Fixed Offering Price". FIF members believe that in both cases, these upcoming asset-backed security provisions should be applied to additional Securitized Products.

Additionally, members believe to optimize use of resources in making these types of changes to internal systems, it would be helpful to have a more comprehensive view of FINRA's plans for future changes across TRACE-eligible product groups. In the interest of efficiency, FIF wishes to know if similar enhancements are planned for other TRACE-reportable security types.

Adjusting Time Frame to the First Settlement Date

FIF members believe Rule 6730 should be amended to change the time frame for reporting CMOs to the actual first settlement date, rather than "no later than two business days prior to the first settlement date", as proposed. This recommendation is based on the fact that firms are dependent on vendors to provide CUSIPs on a timely basis such that they can be entered into a Security Master File needed to facilitate reporting. Practical experience tells us that the information is not consistently available two days prior to the first settlement date. Although in most cases the information necessary to report will be available within the proposed timeframe, firms are concerned that they will be out of compliance in instances where the CMO CUSIPs are not received two days prior to the first settlement date. A rule amendment to report pre-issuance transactions no later than first settlement will increase our members' ability to comply with the Rule.

CUSIP Push to Firms

FIF members believe a file from FINRA detailing CUSIPs and TRACE-eligibility, pushed at least two business days prior to first settlement, would support FINRA's proposal to amend Rule 6730. Typically, most firms are manually searching for a CUSIP on the expected date. Before the CUSIP is available, firms execute trades using a to-be-announced (TBA) CUSIP. If CUSIP data has not yet been received from the vendor, firms are forced to perform a manual reconciliation to match CUSIPs with the temporarily assigned TBA CUSIPs. A file from FINRA containing CUSIP data and corresponding TRACE-eligibility at least two business days prior to first settlement would allow all firms to obtain data simultaneously, and would increase firms' ability to report on a timely basis and avoid potential errors and omissions in reporting pre-issuance CMOs.


Conclusion

FIF would like to thank FINRA for providing the opportunity to comment on the proposed changes. We believe the above recommendations made by FIF members would be beneficial to firms affected by the proposed changes and would help the industry as a whole. We are particularly interested in

² The SEC approved amendments to the Trade Reporting and Compliance Engine (TRACE) rules and dissemination protocols to provide for dissemination of transactions in an additional group of asset-backed securities and to reduce the time frame for reporting such transactions, other than Fixed or List Price and Takedown Transactions.

coordinating future changes more closely, and look forward to working further with FINRA on this and future proposals.

Regards,

A handwritten signature in black ink, appearing to read "Darren", with a stylized, flowing script.

Darren Wasney
Program Manager
Financial Information Forum