

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-95438; File No. SR-FINRA-2022-017)

August 5, 2022

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving a Proposed Rule Change to Amend FINRA Rule 6750 Regarding the Publication of Aggregated Transaction Information on U.S. Treasury Securities

I. Introduction

On June 23, 2022, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend FINRA Rule 6750 to provide that FINRA may publish or distribute aggregated transaction information and statistics on U.S. Treasury Securities on a more frequent basis. The proposed rule change was published for comment in the Federal Register on July 1, 2022.<sup>3</sup> The Commission received one comment letter on the proposed rule change.<sup>4</sup> This order approves the proposed rule change.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 95165 (June 27, 2022), 87 FR 39573 (July 1, 2022) (“Notice”).

<sup>4</sup> See Letter from Stephen John Berger, Managing Director, Global Head of Government & Regulatory Policy, Citadel Securities, to Vanessa Countryman, Secretary, Commission (July 21, 2022) (“Citadel Letter”). Comment letters are available at: <https://www.sec.gov/comments/sr-finra-2022-017/srfinra2022017.htm>.

## II. Description of the Proposal

On March 10, 2020 FINRA began posting on its website weekly, aggregate data on the trading volume of U.S. Treasury Securities<sup>5</sup> reported to the Trade Reporting And Compliance Engine (TRACE).<sup>6</sup> FINRA is proposing to amend paragraph (b) of Supplementary Material .01 to FINRA Rule 6750 to delete the word “weekly” so as to permit more frequent publication of aggregated U.S. Treasury Security transaction information and statistics, such as on a daily basis.<sup>7</sup>

FINRA states that the more frequent aggregated U.S. Treasury Security data would continue to not identify individual market participants or transactions, and that FINRA would continue to not publish aggregated transaction information and statistics by individual U.S.

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<sup>5</sup> “U.S. Treasury Security” means a security, other than a savings bond, issued by the U.S. Department of the Treasury (“Treasury Department”) to fund the operations of the federal government or to retire such outstanding securities. The term also includes separate principal and interest components of a U.S. Treasury Security that have been separated pursuant to the Separate Trading of Registered Interest and Principal of Securities (STRIPS) program operated by the Treasury Department. See FINRA Rule 6710(p).

<sup>6</sup> See, e.g., Supplementary Material .01(b) to FINRA Rule 6750; FINRA Press Release, FINRA Launches New Data on Treasury Securities Trading Volume, available at <https://www.finra.org/media-center/newsreleases/2020/finra-launches-new-data-treasury-securities-trading-volume>.

<sup>7</sup> On July 10, 2017, FINRA members began reporting information on transactions in U.S. Treasury Securities to TRACE. Information reported to TRACE regarding individual transactions in U.S. Treasury Securities is used for regulatory and other official sector purposes and is not published or disseminated. Pursuant to FINRA Rule 6750 (Dissemination of Transaction Information) FINRA may, at its discretion, publish or distribute weekly aggregated transaction information and statistics on U.S. Treasury Securities at no charge (unless FINRA submits a rule filing imposing a fee for such data). FINRA states it has received favorable feedback on the weekly aggregated trading volume data for U.S. Treasury Securities that is currently made available on its website and that, in consultation with the Treasury Department, it now believes it would be appropriate to increase the frequency by which this aggregated data is made available. See Notice, supra note 3, 87 FR at 39573.

Treasury Security (except for the category of on-the-run U.S. Treasury Securities because there is only one on-the-run security at a time for each subtype and maturity).<sup>8</sup> FINRA also states that the aggregate U.S. Treasury Security data would continue to be provided at no charge (unless FINRA first submits an appropriate rule filing establishing a fee for this data).<sup>9</sup> FINRA states that the proposed rule change will become effective on the date of Commission approval.<sup>10</sup>

### III. Discussion and Commission Findings

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association.<sup>11</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act,<sup>12</sup> which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

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<sup>8</sup> See Notice, supra note 3, 87 FR at 39573-74. See also Rule 6750.01(b) (providing that aggregated transaction information and statistics on U.S. Treasury Securities will not be published or distributed by individual security (except for aggregated data that includes on-the-run U.S. Treasury Securities that may have had only one on-the-run security during the aggregated period) and will not identify individual market participants or transactions).

<sup>9</sup> See Notice, supra note 3, 87 FR at 39574; Supplementary Material .01(b) to FINRA Rule 6750.

<sup>10</sup> See id.

<sup>11</sup> In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>12</sup> 15 U.S.C. 78o-3(b)(6).

The Commission received one comment letter in response to the proposal.<sup>13</sup> This commenter states that dissemination of more frequent aggregated transaction information will facilitate a better and more timely understanding of overall trading activity in U.S. Treasury securities and will improve the efficiency of the U.S. Treasury market.<sup>14</sup> The commenter further states that FINRA's proposal is another positive incremental step in enhancing transparency in the U.S. Treasury market.<sup>15</sup>

The Commission believes that the proposal will benefit investors and market participants by providing them with timelier insights into activity in the U.S. Treasury Securities markets while maintaining the confidentiality of individual market participants and transactions. The proposal would enable FINRA, in its discretion, to publish or distribute at no charge (unless FINRA submits a rule filing imposing a fee for such data) aggregated transaction information and statistics on TRACE-Eligible Securities<sup>16</sup> that are U.S. Treasury Securities on a more frequent basis than the weekly cadence provided under the current rule. FINRA represents it has received favorable feedback on the weekly aggregated trading volume data for U.S. Treasury Securities that is currently made available on its website and, in that, in consultation with the

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<sup>13</sup> See Citadel Letter, supra note 4 at 1.

<sup>14</sup> See Citadel Letter, supra note 4 at 1.

<sup>15</sup> See Citadel Letter, supra note 4 at 1.

<sup>16</sup> "TRACE-Eligible Security" means a debt security that is United States ("U.S.") dollar-denominated and is: (1) issued by a U.S. or foreign private issuer, and, if a "restricted security" as defined in Securities Act Rule 144(a)(3), sold pursuant to Securities Act Rule 144A; (2) issued or guaranteed by an Agency as defined in FINRA Rule 6710(k) or a Government-Sponsored Enterprise as defined in FINRA Rule 6710(n); or (3) a U.S. Treasury Security as defined in FINRA Rule 6710(p). "TRACE-Eligible Security" does not include a debt security that is issued by a foreign sovereign or a Money Market Instrument as defined in FINRA Rule 6710(o). See FINRA Rule 6710(a).

Treasury Department, FINRA now believes it would be appropriate to increase the frequency within which this aggregated data is made available.<sup>17</sup> The Commission believes that the more frequent availability of such aggregated transaction information on U.S. Treasury Securities would provide greater overall transparency into the market for U.S. Treasury Securities.

The Commission also believes that the proposal is reasonably designed to preserve the confidentiality of individual market participants and transactions, as aggregated transaction information and statistics on U.S. Treasury Securities would not be published or distributed by individual security (except for aggregated data that includes on-the-run U.S. Treasury Securities that may have had only one on-the-run security during the aggregated period), and would not identify individual market participants or transactions.<sup>18</sup> In addition, FINRA represents that the proposed rule change would not impose any additional requirements on firms, because any aggregate statistics that are published or distributed by FINRA pursuant to this rule change would be derived from trade reports already required to be submitted to TRACE.<sup>19</sup>

Pursuant to Section 19(b)(5) of the Act,<sup>20</sup> the Commission consulted with and considered the views of the Treasury Department in determining to approve the proposed rule change. The

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<sup>17</sup> See Notice, *supra* note 3, 87 FR at 39573.

<sup>18</sup> See Notice, *supra* note 3, 87 FR at 39573-74; Supplementary Material .01(b) to FINRA Rule 6750.

<sup>19</sup> See Notice, *supra* note 3, 87 FR at 39574.

<sup>20</sup> See 15 U.S.C. 78s(b)(5) (providing that the Commission “shall consult with and consider the views of the Secretary of the Treasury prior to approving a proposed rule filed by a registered securities association that primarily concerns conduct related to transactions in government securities, except where the Commission determines that an emergency exists requiring expeditious or summary action and publishes its reasons therefor”).

Treasury Department indicated its support for the proposal.<sup>21</sup> Pursuant to Section 19(b)(6) of the Act,<sup>22</sup> the Commission has considered the sufficiency and appropriateness of existing laws and rules applicable to government securities brokers, government securities dealers, and their associated persons in approving the proposal.

The proposal will benefit investors and market participants by promoting greater transparency into the U.S. Treasury Securities market while also maintaining the confidentiality of individual market participants and transactions.

#### IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>23</sup> that the proposed rule change (SR-FINRA-2022-017) is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>24</sup>

J. Matthew DeLesDernier,  
Deputy Secretary.

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<sup>21</sup> See E-mail from U.S. Treasury Department staff to Justin Pica, Division of Trading and Markets, Commission (August 4, 2022). See also Quarterly Refunding Statement of U.S. Treasury Department Assistant Secretary for Financial Markets Josh Frost (August 3, 2022) (stating that “Treasury supports [FINRA’s] recent proposed rule change to publish the aggregated U.S. Treasury Security transaction information and statistics on a more frequent basis”) available at <https://home.treasury.gov/news/press-releases/jy0908>.

<sup>22</sup> 15 U.S.C. 78s(b)(6).

<sup>23</sup> 15 U.S.C. 78s(b)(2).

<sup>24</sup> 17 CFR 200.30-3(a)(12).