



September 11, 2015

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

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1900 Duke Street
Alexandria, VA 22314

Re: **FINRA Regulatory Notice 15-26,
FINRA Requests Comment on a New Academic
TRACE Data Product**

**MSRB Regulatory Notice 2015-10,
Request for Comment on Establishment of an
Academic Historical Trade Data Product**

Dear Ms. Asquith and Mr. Smith:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ appreciates the opportunity to comment on the Financial Industry Regulatory Authority’s (“FINRA’s”) Regulatory Notice 15-26 and the Municipal Securities Rulemaking Board’s (“MSRB”) Regulatory Notice 2015-10 (together the “Proposals”). In response to requests from certain parties, the MSRB and FINRA are proposing to create new Real-time Transaction Reporting System (“RTRS”) and Trade Reporting and Compliance Engine (“TRACE”) Academic Data Products that would include anonymized dealer identifiers. The RTRS and TRACE Academic Data Products would be made available only to institutions of higher education and would include the same transactions included in the current historical transaction data sets. The MSRB and FINRA propose to take measures to allay concerns regarding the potential for reverse engineering of anonymized dealer identifiers to determine dealer identities by: (1) explicitly requiring subscribers to agree that they will not attempt to reverse engineer the identity of any dealer; (2) prohibiting the redistribution of the data in the RTRS Academic Data Product and TRACE Academic Data Product; (3) requiring users

¹ SIFMA is the voice of the U.S. securities industry, representing the broker-dealers, banks and asset managers whose 889,000 employees provide access to the capital markets, raising over \$2.4 trillion for businesses and municipalities in the U.S., serving clients with over \$16 trillion in assets and managing more than \$62 trillion in assets for individual and institutional clients including mutual funds and retirement plans. 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 <http://www.sifma.org>.

to disclose each intended use of the data (including a description of each study being performed and the names of each individual who will have access to the data for the study); and (4) requiring that the data be returned or destroyed if the agreement is terminated. The transactions included in the RTRS and TRACE Academic Data Products will be aged no less than 24 months.

SIFMA continues to support the MSRB's and FINRA's efforts to improve market transparency to investors and promote regulatory efficiency. To this end, we suggest certain modifications to the Proposals.

I. Access to data by Regulators

SIFMA believes it is important to note in the context of the Proposals that regulators have real time access to RTRS data and TRACE Data, including dealer identifiers, for market surveillance and enforcement purposes. We agree with the MSRB and FINRA that not all information or transactions reported to RTRS and TRACE are necessary to serve the transparency objective of the system and therefore do not qualify for public dissemination. Among other things, information that provides the identity of each dealer that executed a transaction reported to RTRS and TRACE is not publicly disseminated.

II. Anonymizing Dealer Identities and Reverse Engineering

SIFMA is concerned that the Proposals to use anonymized dealer identifiers to make available the RTRS data and TRACE data do not effectively protect dealers' identities. Given the unique trading structure of certain firms, (i.e., some firms will always demonstrate back-to-back trades followed by a trade with a customer), it likely will not be difficult to reverse engineer to determine certain dealer identities. A preferable approach would be to make available the RTRS data and TRACE data through groupings of comparable dealers. SIFMA suggests that the MSRB and FINRA adopt the peer group criteria used in MSRB and FINRA report cards to aggregate dealers into reportable groups. This would allow academics to track trading patterns and pricing in the secondary market, while alleviating concerns over reverse engineering. We are particularly concerned about making primary markets (P1) data available in the Academic Historical Data Product, as seems to be envisioned, given the ready ability to reverse engineer dealer identities from public information. If the MSRB and FINRA insist on making the data available on a dealer-by-dealer basis, we would propose excluding primary (P1) trades from the data set and a periodic scrambling of the dealer identity number in order to minimize the risk of reverse engineering.

The potential impact of reverse engineering could be significant. Dealer trading strategies may be deciphered through reverse engineering of MPIDs and reviewing trading patterns and practices. If dealer trading strategies are publicly known they may significantly impact a dealer's ability to provide the market with liquidity. Additionally, reverse engineering of dealer MPIDs may also lead to the potential reverse engineering of specific client transactions. The disclosure of any client specific information may reveal

confidential business information and the confidentiality of such information isn't necessarily removed by the passage of time.

III. Scope of Internal Users and Authorized Use

The proposal contains no standard around who at the academic institutions may access the RTRS data and TRACE data. SIFMA suggests that the MSRB and FINRA amend the Proposals to include parameters around who may be considered an "Internal User" or "Recipient/Licensee". SIFMA also suggests that the MSRB and FINRA further limit "Authorized Use" to serve the purpose of research and to exclude any commercial purposes. Including such limitations will better ensure that the data is accessible by the appropriate network of users and for the purposes envisioned by the Proposals. These measures will also decrease the likelihood of data misuse and reverse engineering of dealer identities.

IV. Likelihood of Data Breaches

Recent headlines² have been filled with reports of various types of data breaches³ on systems likely far more secure than any system an academic researcher would use to store or transmit the data. Despite the well-intentioned safeguards and restrictions proposed by the MSRB and FINRA, SIFMA believes that data breaches are inevitable. This can have a negative impact on market liquidity (i.e. revealing dealer trading and distribution strategies).

III. Aging of Data

SIFMA believes that if the MSRB and FINRA move forward with the Proposals, the risks to data breaches and reverse engineering can be mitigated sufficiently by an aging period of no less than four years. We believe this timeframe appropriately balances the concerns raised above with researchers' desire to have access to the data with anonymized dealer identifiers.

IV. Users of Data

SIFMA believes the Proposals limitation on providing the RTRS and TRACE Academic Data Products to "academics currently associated with an institution of higher education in connection with their research activities" may be too limiting and unnecessarily restrictive. If the MSRB and FINRA adequately address the data security and reverse engineering concerns outlined above by using peer group criteria and aging the data for no less than four years, SIFMA believes there is value in providing the RTRS and TRACE Academic Data Product to a wider, yet controlled, group of users in connection

² See breach list compiled by the Identity Theft Resource Center ("ITRC"). This list is a compilation of data breaches confirmed by various media sources and/or notification lists from state governmental agencies <http://www.idtheftcenter.org/ITRC-Surveys-Studies/2015databreaches.html>.

³ Data breaches occur due to a variety of reasons including accidental; employee error, negligence, or improper disposal; hacking, skimming, or phishing; insider theft; physical theft; or subcontractor/third party theft.

with their research activities and would support an expanded user group accordingly. There are many organizations engaged in research activities not associated with an institution of higher learning.⁴ Any not-for-profit that has a separately identifiable Research Department and regularly publishes research reports should have access to the RTRS and TRACE Academic Data Products on the same terms as academics currently associated with an institution of higher education in connection with their research activities. However, SIFMA would not support expansion of the user group under the construct of the current Proposals.

V. Conclusion

SIFMA sincerely appreciates this opportunity to comment upon the Proposals. SIFMA believes that by implementing the above modifications, the Proposals will provide investors with additional informative market information.

If you have any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,



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⁴ For example “think tanks” such as The Brookings Institution (<http://www.brookings.edu/research#trade/topics/>), Cato Institute (<http://www.cato.org/research>), Pew Research Center (<http://www.pewresearch.org/>), Urban Institution’s Housing Finance Policy Center (<http://www.urban.org/policy-centers/housing-finance-policy-center>). Additionally, certain trade associations (both finance and non finance-related) regulatory publish research reports. Examples include, Aerospace Industries Association (http://www.aia-aerospace.org/research_reports/), American Public Transportation Association (<http://www.apta.com/resources/reportsandpublications/Pages/default.aspx>), American Bankers Association (<http://www.aba.com/Tools/Research/Pages/default.aspx>), American Council of Life Insurers (<https://www.acli.com/Tools/Pages/Publications%20Guest.aspx>), Investment Company Institute (<https://www.ici.org/research>), International Swaps and Derivatives Association, Inc. (<https://www2.isda.org/functional-areas/research/>), and SIFMA (<http://www.sifma.org/research/>).

cc:

Municipal Securities Rulemaking Board

Lynnette Kelly, Executive Director

Michael Post, General Counsel, Regulatory Affairs

Financial Industry Regulatory Authority

Robert Colby, Chief Legal Officer

Steve Joachim, Executive Vice President, Transparency Services

Marcia E Asquith

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FINRA

1735 K Street NW

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FINRA Regulatory Notice15-24

FINRA Regulatory Notice15-26

The lack of comments to the request is stunningly shocking. This new academic product is at risk to the dealers but also to the investor.

Any data accessed online or transmitted online has no privacy. The use of T.O.R., the Onion Router and ICANN/IANA remind us there is no privacy.

Google, the Internet Archive and others copy and save all data. Ashley Madison, Google and Facebook are three prime examples that deleted is not gone. Deleted is gone until someone restores it, more often not the content creator. Julian Assange, Bradley Manning, Jonathan Pollard and Snowden are four examples of data being accessed by parties with mal-intent.

"Investor Ed" is not using investors and brokers for studies but "investor ed" is publishing required data on brokerage reps clarifying otherwise not doing so on IA v BD matters is at a cost.

All proposals and content must be compliant with the President Clinton's Memorandum On Plain Writing

[1] that was followed in 2010 with President Obama's Act On Plain Writing.

[2] Need disclosure of the academics along with disclosure of what the academics are being paid. Need disclosure of who is accessing the data. Need a pre-disclosure of the proposed study topics in advance of the program implementation. Need to know that dead accounts, accounts a client no longer uses, are not going to be used in S.R.O. studies.

A lot of data is already missing that before F.I.N.R.A. steps in to getting permission to collect data must be addressed. Moreso, there is an ingenuousness in that programs already used by the industry are stalking clients accounts and emails and pushing product.

F.I.N.R.A. states it is about investor protection. In no particular order, for investor protection:

State in large block letters that FINRA has no oversight of investment clients and investment advisors and that any decision reached in a FINRA DRS can be litigated in a Court of Law

State in large block letters that all settlement agreements signed within the FINRA DRS forum are non binding in that Congress has given no oversight to FINRA of investment clients and investment advisors

Provide client a copy of all account papers once an investment has been accepted as a client by the firm/financial consultant.

Make it mandatory that an investor, at will, can and must be provided a cover-to-cover copy of the investment clients files and all correspondences, profiles etc.

All type fonts/picas including but not limited to disclaimers must be in a print large enough for old people and people with visual disabilities to read with or without glasses

Provide a list of all civil actions by and against the FINRA DRS arbitrators/mediators, members

Provide a list of all complaints in FINRA by and against the FINRA DRS arbitrators/mediators, members

Provide a list of all settlement agreements by and against the FINRA DRS arbitrators/mediators, members

Make each and every FINRA employee and/or DRS participant in a FINRA DRS process aware they are not protected in that FINRA is not a government agency, and that any FINRA Case Manager, Mediator/Arbitrator will be liable for criminal charges of obstruction of justice and or accessory to crimes if they block witnesses, expert witness and production of discovery requested from the FINRA business league member by the investment client complainant.

All lawyers representing clients in an financial SRO forum must provide their Bar number and the Bar number of each and every attorney participating in the DRS forum, in lead attorney or as support staff inclusive of emails, letters, texts, pleadings, faxes, voicemails, and other communications, electronic or otherwise.

Advise investment clients, investment advisors, brokers and dealers that ALL lawyers arguing in a FINRA forum must be licensed in compliance to the local Bar association, that any lawyer arguing in a FINRA forum without being licensed in the local forum cannot collect fees for representing a client.

Advise investment clients, investment advisors, brokers and dealers that ALL lawyers arguing in a FINRA forum without being licensed in compliance with local and state law is to be reported to that lawyers foreign state Bar Association without repercussion to the complainant. Any steps taken directly or indirectly against the complainant to the Bar, will result in criminal charges to that attorney and/or the person through which communications were transmitted, 2nd or 3rd party or otherwise.

A lawyer who threatens a complainant to the attorneys Bar Ethics committee will suffer criminal charges.

All out-of-state lawyers representing clients must either seek and be granted permission to argue in that forum prior to beginning to represent their client in the proceeding or, in the alternative, find a local attorney to turn represent the client. The attorney can seek pro-hac vice. There can be no grey area,

representing a client's interests, even by correspondence, in a state where the attorney is not licensed is practicing law without a license in that state. The attorney practicing law in a foreign state without the proper licensing or submitting Pro Hac Vice is doing so knowing they are accepting the punishing terms their home state has determined in to that state's bar association.

Advise investment clients, investment advisors, brokers and dealers that ALL lawyers arguing in a FINRA forum must be licensed in compliance to the local Bar association.

FINRA is not a neutral forum. FINRA is a 501 (c)(6), a business league that collects dues from its business league members, the persons/entities that investment clients brought complaints against. Groups like P.I.A.B.A., N.A.S.A.A. themselves are business leagues that, like FINRA are using investment clients misfortunes for the benefit of the group's membership.

All SRO's as legislated by Congress to be able to exist, not just the singular SRO FINRA that the SEC has allowed to act as the only SRO, must publish publicly on their website the names and identities and resumes of all the participating Arbitrators/mediators along with all the arbitrators/mediators decisions, parties, providing a voting record similar to what one would find in the court records as do J.A.M.S., Fed. Arm., WIPO, World Intellectual Property Organization records.

In that F.I.N.R.A. is a business league accepting dues from its members, F.I.N.R.A. is not neutral, is unable since not being a neutral forum to conduct Arbitrations between investment clients, investment advisors and F.I.N.R.A. members. In that F.I.N.R.A. has been conducting arbitrations under false impression that approved by Congress, all arbitrations since 2007 involving investment clients, investment advisors, must be annulled along the investment client the opportunity to take their claim to the proper forum the courts that F.I.N.R.A. blocked, obstructing justice. A F.I.N.R.A. claim that a client made that decision was allowed to be conducted in a F.I.N.R.A. forum is an obstruction of justice, that will not be barred being revisited by any claim of Statue Of Limitations having passed.

Any decision within F.I.N.R.A. that was appealed in the Courts will be given the same consideration of being reviewed and annulled if the matter was presented to the Court as having been arbitrated compliant to the F.A.A., Federal Arbitration Act.

F.I.N.R.A. members are licensed on a state by state license basis which subjects F.I.N.R.A. members to state law, the U.C.C., Universal Commercial Code, not Federal law as F.I.N.R.A. claims its arbitrations are bound by. The F.A.A. is for Maritime issues. The way this is going F.I.N.R.A. is a sinking ship. Maybe maritime law should apply.

FINRA must make sure that each BD/Brokerage provide U4's that are completed with fingerprints and are signed rather than as exist currently, many are unsigned without fingerprints attached. Fingerprints and signatures are required by law enforcement that are mandatory in determining frauds of forgery and theft.

F.I.N.R.A. has two codes of procedure, one code of procedure for its members and one code of procedure for investors. F.I.N.R.A. should not have a code of procedure for investors. Congress' laws the S.E.C. is supposed to effect are for disputes between brokers and brokerages.

Provide list of all regulators decisions against firm by any agency- FTC, CFTC, IRS, etc

F.I.N.R.A. does not define 3rd parties, not stating, if, for example, the United Nations, Swift, the Egemont Group or others are going to be users of the data. A public university is just that a public university no different than the university that the Hathi Trust attached itself to for claim of non profit status accessing data, books, from which the Hathi Trust makes money, no different than Stanford University from which the evolving technologies already taking people's analytics have been developing new product up to and including Alphabet Holdings, a black hole concept that F.I.N.R.A. does not require its dues paying members to declare what is gone on inside the Holdings name. Simply, there is no trail, no accountability for the harmed party.

The proposed periods of time have no bearing in that in a climate of fraud that F.I.N.R.A. has been perpetrating on the investment Main Street is still a climate of fraud. 12 months or 24 months makes no difference. The clients identity is proprietary.

In that the Academic Trace Data provides that elements are to be determined from time to time by FINRA in its discretion, this is a train wreck determined to happen, derailed in F.I.N.R.A.'s favor not for the benefit or gain of the Investment client F.I.N.R.A. uses to achieve its non profit status.

The Academic Trace Data is a thinly disguised existing concept in the tech industry and markets. A horse of a different color will always just be a horse of a different color as is F.I.N.R.A. still is the NASD running the old end game, at a cost to Main Street.

[1] www.plainlanguage.gov/whatisPL/govmandates/memo.cfm

[2] www.plainlanguage.gov/plLaw/index.cfm

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Sincerely

Carrie Devorah

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Founder

THE CENTER FOR COPYRIGHTS INTEGRITY

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August 24, 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 15-24: FINRA Requests Comment on the
Reduction of the Delay Period for Historic TRACE Data**

**FINRA Regulatory Notice 15-26: FINRA Requests Comment on a New
Academic TRACE Data Product**

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 15-24, requesting comment on a proposal to reduce the delay period for historic TRACE data sets and Regulatory Notice 15-26, requesting comment on a new academic TRACE data product. 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 these Notices.

BDA supports initiatives to increase market transparency and investor education that do not create additional business risks for dealers. Therefore, BDA writes to support the proposal described by Regulatory Notice 15-24, to reduce the delay period for historic data sets from 18 months to six months. The data set will not identify dealers by attaching masked market participant identifiers (MPIDs). BDA believes that the risk of reverse engineering a specific dealer identity, trading strategy, or inventory is low.

However, BDA does not support the proposal described in Regulatory Notice 15-26, to create a new academic data product. That proposal does not adequately balance the risks associated with information leakage and the potential for reverse engineering a dealer identity with the benefits of academic research.

BDA does not support the proposed academic data set, which would expose dealers to new business risks

BDA appreciates the value of rigorous academic study of the fixed-income markets. However, BDA believes the proposed new academic data set would expose dealers to unnecessary business risks. The benefits of creating an academic data set, which would include masked dealer-specific identifiers, on a 24-month delay basis, are not outweighed by the business risks to dealers associated with reverse engineering of dealer identities, dealer trading strategies, and dealer inventories.

BDA believes that the data sets currently available include a sufficient level of detail to support rigorous study. The inclusion of a dealer-specific identifier in a data set would open dealers to myriad risks related to their trading strategies and business models. It is for this reason that FINRA has so far chosen to exclude a dealer identifier in its publicly disseminated information and data sets. BDA sees no compelling reason to halt that practice and urges FINRA to continue to protect dealer identities and trading strategies.

The fact that the proposal does not describe the intent to create a process to change the masked dealer identifiers, for each dealer, on a regular basis is problematic. Without changing the masked identifier, it will become much easier to identify a specific dealer based on its trading data over a longer period of time. A superior method would be to group dealers into multiple groups based on size, which would allow FINRA to reduce the risk of dealer identification.

BDA does not believe the risks to dealers associated with the academic data set proposal can be meaningfully reduced by the use of the proposed contract

Furthermore, the value of the contractual agreement which outlines the restrictions that will apply to the authorized academic data set purchasers do not adequately protect dealers. The academic studies will be detailed descriptions and analyses of the dealer-specific transactions based on the academic data set. The agreement to not attempt to reverse engineer a dealer's identity will not extend to a reader of any study. There may be specific contexts in which it may be easy for the reader of a study to identify a dealer based on an especially large percentage of trading volume in a security that the dealer has recently underwritten or due to other trading patterns in specific securities described in a study. Furthermore, nothing in the contract requires the academic institution to have a minimum required level of data security protections in place. Therefore, the valuable dealer-specific data would not be adequately protected from theft. In short, the contract does little to prevent the results it is designed to achieve—the protection of dealer identities.

In conclusion, BDA does not believe there is a compelling reason to put dealer identities at risk. While BDA supports transparency and investor education, including supporting the shortened delay period in Regulatory Notice 15-24, it cannot support the

academic data set proposed in Regulatory Notice 15-26, which puts dealer businesses at risk.

Thank you again for the opportunity to submit these comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Nicholas".

Michael Nicholas
Chief Executive Officer

Hi All,

These are WRDS' Comment on the Reduction of the Delay Period for Historic TRACE Data:

1. FINRA proposes to reduce the delay period for Historic TRACE Data from 18 months to six months. Historic TRACE Data does not include masked MPID information. In light of this fact, is a six-month delay sufficient to address concerns regarding the current trading, positions or strategies of particular market participants? Please provide information to support your analysis. Are there other possible harms associated with reducing the delay period from 18 months to six (in addition to potential information leakage regarding current trading, positions or strategies)? Would the six-month delay be more detrimental for certain types of TRACE-eligible securities compared to others. Should FINRA consider setting different delay periods for different types of TRACE-eligible securities?

Comment:

During to recent developments in the fixed income market, with the introduction of new derivative instruments (such as ETFs, ETNs, Trusts, and other vehicles) and new players (stat arbitrageurs, smaller hedge funds, robo-advisors, etc), the challenges in the fixed income market, and particularly the corporate bond market have been intensifying and becoming more complex. From the point of view of academic community, which WRDS represents, more timely dissemination of Enhanced Historic TRACE database is expected to be useful. It will favor academic research on current issues which boost policymakers' understanding of potential dislocations in the corporate market for bonds and for other derivate fixed-income securities. So, they may respond more promptly by devising more effective rules and/or regulations. It would facilitate more research in the areas pertaining to the impact of TRACE on the corporate bond market and, specifically, the potential reduction in trade execution costs and pricing transparency resulting from the sooner availability of transactions data for market participants.

For example, Cici et al (2011) analyzed the pattern of pricing dispersion in six-month event windows immediately before and after the TRACE dissemination event dates and found evidence consistent with the view that the transparency-enhancing TRACE system contributed to increasing pricing precision, including a spillover effect for non-disseminated bonds. Less delayed releases of the data can also produce more timely answers to questions surrounding potentially recent mispricing of various fixed-income securities held not only by bond mutual funds, but also by bond ETFs (recent SEC inquiry into whether PIMCO improperly priced odd lots of certain non-agency mortgage-backed securities purchased by its Total Return Active BOND ETF is a good illustrative example).

More timely and time-relevant access to the TRACE transactions would speed up the process of identifying and analyzing potential episodes of discontinuous market pricing and developing mechanisms to minimize the risks associated with them. Identifying and analyzing these events are usually done by the academic community using financial databases.

2. What public and investor protection benefits might arise from the addition of masked MPIDs to TRACE data available to academics? FINRA proposes that the Academic TRACE Data product be issued on a 24-month delayed basis. Is this delay an appropriate period of time to allay concerns regarding potential reverse engineering of dealer identities? If not, what other delay period would be appropriate to address these concerns, while still providing data that is timely enough to be useful for market research purposes? Would a shorter delay period, such as 12 months, be appropriate to enhance the timeliness of the data for research purposes while still minimizing the risk and potential impact of reverse engineering of dealer identities?

Comment:

Academic community's primary interest in having broker IDs is not related to the desire to determine the identities/names of underlying brokers, but most importantly to assess the role of brokers in bond market liquidity and price discovery process. Major data vendors provide data for academic research with masked IDs for brokers. It has been available for many years in WRDS without compromising identify of the parties. Thomson-Reuters IBES analyst forecast and recommendations database is a good example as it has been providing masked IDs for both brokerage houses as well as individual analysts since the early 80's. Another example is Ancerno (Abel-Noser) high-frequency database of institutional trades which academic researchers have used mainly for the reason that it contains a masked institution ID (e.g., Arif, Rephael and Lee, 2015; Choi and Sias, 2012).

So far WRDS is unaware of cases when availability of masked IDs led to successful reverse engineering and public disclosure of broker identities by academic researchers. Broker ID is very important in studies that try to control for fixed effects associated with specific brokers. For example, in "The Market for borrowing corporate bonds" by Asquith, Au, and Pathak (2013), authors use brokerid as a control variable in estimating the borrowing cost of corporate bonds, which allows for much cleaner identification and analysis of borrowing cost of corporate bonds after controlling for broker-related fixed effects. Other researchers used masked broker IDs to study the structure of the dealer network and how it is related to bid-ask spreads in the market for Registered and Rule 144a securitizations. Furthermore, validity of many econometric tests also depends on the researcher's ability to cluster the test statistics

not just by individual bonds, but also by brokers, as it results in more informative and accurate inferences and not related in any way to attempts to reverse engineer the identity of the brokers.

Additional important challenge using TRACE data, is the absence of a historical identifier database that properly maps TRACE securities to their historical secondary identifier (issue name, issuer, cusip, ticker, etc) as well as the characteristics of such issues in the time series (coupon rate, frequency, terms, maturity date, ratings, etc.). The absence of such info jeopardizes any attempt to process and analyze TRACE data. One solution is to provide historical snapshots to the MASTER ID table that FINRA provides online.

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