March 1, 2021

Via Electronic Mail: rule-comments@sec.gov

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

Re: File No. S7-12-20; Regulation ATS for ATSSs that Trade U.S. Government Securities, NMS Stock and Other Securities; Regulation SCI for ATSSs that Trade U.S. Treasury Securities and Agency Securities; and Electronic Corporate Bond and Municipal Securities Markets

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association (“SIFMA”) respectfully submits this letter to the U.S. Securities and Exchange Commission (“Commission”) to comment on the above referenced proposal to amend Regulation ATS under the Securities Exchange Act of 1934 (“Exchange Act”) for alternative trading systems (“ATSs”) that trade government securities as defined under Section 3(a)(42) of the Exchange Act. The Commission proposes to eliminate the exemption from compliance with Regulation ATS for an ATS that limits its securities activities to government securities or repurchase and reverse repurchase agreements on government securities, and registers as a broker-dealer or is a bank. Thus, the Commission proposes to require a government securities ATS to file publicly Form ATS-G, which would require such ATS to disclose information about its manner of operations and the ATS-related activities of the ATS operator and provide a process for the Commission to review Form ATS-G filings. The Commission also proposes to apply the fair access rule under Rule 301(b)(5) of Regulation ATS and Regulation Systems Compliance and Integrity (“SCI”) to government securities ATSs that meet certain volume thresholds in U.S. Treasury Securities or in a debt security issued or guaranteed by a U.S. executive agency, as defined in 2 U.S.C. 622(8). Finally, the Commission issued a concept release on the regulatory framework for electronic platforms that trade corporate debt and municipal securities.

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1 SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. 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.

SIFMA generally supports increased operational transparency related to the basic rules of operation of fixed income and government securities ATSs. There is value in operational transparency related to the basic rules of operation of the venue, the ability of priority or preferential treatment (if any) for certain desks or clients and information on risk controls. Among other things, more operational transparency would aid investors in conducting analysis of executions. As noted in our previous comment letter, SIFMA supports tailoring Form ATS disclosures in a manner that addresses the unique characteristics of the fixed income and other marketplaces to best serve investors.

I. Government Securities ATSS

The Commission proposes to update Regulation ATS by eliminating the exemption for ATSSs that limit securities activities to government securities and repos. This would require all trading systems matching buyers and sellers solely in government securities that meet the definition of an "exchange," as defined under Section 3(a)(1) of the Exchange Act, will need to comply with Regulation ATS or register as an exchange. Further, the Commission proposes to amend the existing classes of securities set forth in Exchange Act Rule 3a1-1(b)(3) to add US Treasury Securities and Agency Securities for which transactions are reported to an SRO. Additionally, the Commission proposes to require government securities ATSSs to register as broker dealers, under section 15 of the Exchange Act, or government securities broker-dealers, under section 15C(a)(1)(A) of the Exchange Act.

SIFMA Supports Rescinding the Exemption from Regulation ATS for Activities Limited to Government Securities

The increased diversity of the government securities market means that platforms are no longer strictly only dealer-to-dealer and the exemption for Treasury-only platforms may have little to no relevance today. Transparency regarding pricing, market activity and market quality promotes healthy competition in the market place, supports fair and equitable access to potential participants and offers investor protection. SIFMA supports requiring government securities ATSSs to comply with Regulation ATS. Given that government securities ATSSs closely resemble ATSSs that trade NMS stocks, it would be appropriate to impose similar regulatory oversight, including regulatory oversight by the Commission and FINRA, over such trading venues as a registered broker-dealer or national securities exchange.

Further, SIFMA supports requiring government securities ATSSs to register as broker-dealers. This would, among other things, provide regulatory oversight of these platforms with regards to risk management and regulatory controls under Rule 15c3-5 of the Exchange Act.

3 See, Letter from Theodore R. Lazo, SIFMA to Brent J. Fields, SEC dated March 7, 2016 ("SIFMA ATS-N Letter").

4 Proposal at 87114.

5 Proposal at 87113.
II. Proposed Form ATS-G

As part of removing the current exemption and applying Regulation ATS to U.S. Treasury Securities and Agency Securities, the Commission proposes to require government securities ATSs to publicly file proposed Form ATS-G. In particular, the Commission proposes to revise Rule 301(b)(2)(viii) of Reg. ATS to provide that a legacy government securities ATS operating pursuant to a Form ATS will be subject to the Rule 301(b)(2) requirements to file Form ATS until that ATS files Form ATS-G, and then it will be subject to Rule 304 reporting requirements. Government securities ATSs must file proposed Form ATS-G to publicly provide detailed information about the manner of operations of the ATS and about the ATS-related activities of the broker-dealer operator and its affiliates. Given the similarities of operations between NMS Stock ATSs and Government Securities ATSs, almost all the requests are similar or derived from Form ATS-N; however, certain requests have been tailored for government securities ATSs. The differences between the two forms include: Form ATS-G does not have an item corresponding to Part III, Item 16 (Routing) of Form ATS-N; Form ATS-G does not have an item corresponding to Part III, Item 24 (Order Display and Execution Access) of Form ATS-N as the associated rule is inapplicable to government securities; and Form ATS-G added proposed Part III, Item 16 requiring information about non-government securities markets (e.g., futures, currencies, swaps, corporate bonds) used in conjunction with the ATS.

The Commission additionally proposes to amend Rule 304(a) to create a process for the Commission to review disclosures on Form ATS-G and declare a Form ATS-G ineffective no later than 120 calendar days from the date of filing (which may be extended an additional 90 days in certain circumstances) if the Commission finds, after notice and opportunity for hearing, that such action is necessary and appropriate in the public interest and the protection of investors. The Commission proposes that government securities ATSs must file an initial Form ATS-G no later than 150 calendar days after the date of publication of the final rule in the Federal Register and to apply existing Rule 304(b) to publish Form ATS-G on the Commission and the ATS's websites.

SIFMA Supports Requiring Government Securities ATSs to File Form ATS-G

SIFMA supports the Commission's proposal to require broker-dealer operators to make Form ATS-G public to ensure investors are provided with basic identifying information on the government securities ATS and broker-dealer operator, a description of the other activities of the broker-dealer operator and its affiliates and disclosures relating to the manner of operations of the government securities ATSs. Making Form ATS-G available on the ATS and Commission's

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6 Proposal at 87119. Each ATS is separate and must independently comply with Regulation ATS by filing Form ATS-G.
7 Proposal at 87125.
8 Proposal at 87120.
9 Proposal at 87121-22.
websites supports the Commission's key policy goal of allowing subscribers to easily compare entities with one another.

SIFMA reemphasizes that the market in U.S. Treasury securities is different from the equity markets in that large parts of the market continue to transact bilaterally and provisions of Form ATS-N may not be appropriate for the government securities market.\(^\text{10}\) The proposed Form ATS-G provides better operational information to equip market participants with a clearer sense of how these entities operate and allow for comparisons as new entities join the market. SIFMA believes these disclosures to increase operational transparency and reduce conflicts that might exist at trading venues carefully reflects the unique characteristics of the government securities market.

Notably, the Commission proposes the same effectiveness process currently applicable to NMS Stock ATSs so that the Commission can only request the ATS to address material deficiencies with respect to the accuracy, currency and completeness of disclosures;\(^\text{11}\) however, we highlight some concerns with applying this standard of review based on SIFMA members filing initial Form ATS-N. For example, a similar attempt to create uniform disclosures across all broker-dealers in Form ATS-N creates risks of inaccuracies, as certain information may not apply to all broker-dealers. Further, reviews focused on style and syntax edits and comments, rather than on accuracy and completeness as required by the rule, delays disseminating information and unnecessarily uses limited resources. Thus, the SEC Staff’s review of proposed Form ATS-G shall focus on completeness instead of style and granularity. Accordingly, the Commission shall not declare a Form ATS-G ineffective, or request the ATS to amend its form, simply because the Commission would prefer the disclosure to read differently; a difference in opinion on style or syntax should not be considered materially deficient. SIFMA members will be incentivized to make disclosures that are robust, readable and sufficient because of the competitive forces relating to the highly overlapping of ATS subscriber base and the variety of regulatory tools the Commission and other regulators have at their disposal to police the quality and content of statements made on Form ATS-G.

III. Fair Access Rule

The Commission proposes to amend Regulation ATS to include U.S. Treasury Securities and Agency Securities as categories of securities under the Fair Access Rule.\(^\text{12}\) The Commission proposes that the Fair Access Rule will apply to government securities ATSs that represent 5% average weekly volume for treasuries and 5% ADV for agencies for at least four of the preceding six months.\(^\text{13}\) An ATS subject to the Fair Access Rule must establish written standards for granting access to trading on systems and apply these standards fairly, and is prohibited from

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10 See e.g., SIFMA ATS-N Letter at 35.
11 Proposal at 87120.
12 Rule 301(b)(5).
13 Proposal at 87117.
unreasonably prohibiting or limiting any person with respect to trading in the stated security when that trading exceeds the noted volume thresholds.

**SIFMA Supports Applying the Fair Access Rule to Government Securities ATSSs.**

Applying the Fair Access Rule to government securities ATSSs will ensure that market participants are not unreasonably denied access from important sources of liquidity for a particular security. Additionally, the proposed volume thresholds for treasuries and agencies are appropriate when determining whether an ATS should be subject to the Fair Access Rule.

**IV. Regulation SCI**

The Commission proposes to expand the definition of "SCI alternative trading system" to include government securities ATSSs that meet a specified volume threshold, which would require these ATSSs to meet the requirements of Regulation SCI.14 "SCI ATS" would include ATSSs, which during at least four of the preceding six calendar months had 5% or more average weekly dollar volume traded of US Treasury Securities or 5% of ADV for agency securities. If adopted, three treasury ATSSs and 1 agency ATS would become SCI entities.

**SIFMA Supports Applying Regulation SCI to Government Securities ATSSs that Meet the Specified Volume Threshold.**

Regulation SCI requires these SCI entities to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that their key automated systems maintain their operational capability and promote the maintenance of fair and orderly markets. These requirements are appropriate for government securities ATSSs that have a greater market share because the Commission's additional oversight over entities with significant volume in a particular type of security promotes systems and operational integrity of the core technology used by such trading venues. While expanding Regulation SCI to certain government securities ATSSs may be appropriate, the Commission should not expand the Regulation SCI requirements to broker-dealers more generally at this time. The requirements of Regulation SCI should only apply to market participants that are essential to the efficient functioning of the U.S. securities markets.

**V. Concept Release on Electronic Corporate Bond and Municipal Securities Market**

In the proposal for government securities ATSSs, the Commission also seeks information about fixed income electronic trading platforms. In 2018, FIMSAC recommended that the Commission, with FINRA and MSRB, review the regulation for oversight of fixed income electronic trading platforms.15 FIMSAC primarily expressed concern with the differences in trading protocols or business models of the various platforms that lead to a regulatory framework...

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14 Proposal at 87151.
15 Proposal at 87156-57.
where some firms are regulated by the Commission as AT_Ss, broker-dealers or not at all.\textsuperscript{16} Accordingly, the Commission asked a series of questions about fixed income electronic trading platforms, including their operations, services, fees, market data and participants to evaluate potential regulatory gaps and inform future regulatory policy.

**Current Regulations Suit Each Type of Fixed Income Trading Platform**

The current regulatory framework for electronic fixed income trading platforms appropriately mitigates the risk posed by AT_Ss, broker-dealers and other application programming interfaces. Each category of platform[s] engage[s] in different activities and is accordingly subject to different regulations.

**Regulation of AT_Ss**

An entity that provides a marketplace for bringing together buyers and sellers for securities, regardless of the applied technology, needs to consider whether its activities meet the definition of "exchange". Rule 300(a) of the Exchange Act defines an AT_S (in part) as any organization, association, person, group of persons or system that: (1) Constitutes, maintains, or provides a marketplace or facilities for bringing together purchasers or sellers of securities or for otherwise performing, with respect to securities, the functions commonly performed by a stock exchange under Rule 3b-16. Rule 13b-16(a) of the Exchange Act further defines an "exchange" as any organization, association, or group of persons that: (1) Brings together the orders of multiple buyers and sellers; and (2) Uses established, non-discretionary methods (whether by providing a trading facility or by setting rules) under which such orders interact with each other, and the buyers and sellers entering such orders agree to the terms of a trade. Rule 3b-16(c) broadly defines an "order" as any firm indication of a willingness to buy or sell a security, as either principal or agent, including any bid or offer quotation, market order, limit order, or other priced order.

Thus, an "exchange" will: provide orders entered into the system the opportunity to interact with other orders in the system for execution (e.g., limit order books); bring together orders of multiple buyers and multiple sellers; and dictate the terms of trading among subscribers (whether by providing a trading facility or setting rules) in non-discretionary methods. However, Rule 3b-16(b)(2) of the Exchange Act expressly excludes from the exchange definition the trading systems that display a single dealer's quotes and allows persons (and broker-dealers) to enter orders for execution against the bids and offers of a single dealer.

Regulation AT_S imposes several requirements on AT_Ss, including registering as a broker-dealer, to be exempted from meeting the requirements for registered securities exchanges. All AT_Ss must file, and update, Form AT_S with the Commission to provide a detailed description of how the AT_S operates, its prospective subscribers, the securities it trades, the procedures for reviewing systems capacity, security and contingency planning. AT_Ss, and any of its subscribers, must cooperate with the SEC's or an SRO's inspection, examination, or investigation of the AT_S or any of the AT_S’s subscribers. AT_Ss must keep the records necessary

\textsuperscript{16} Id.
to create a meaningful audit trail, including keeping time-sequenced orders, record of subscribers and any notices sent. ATSs must file transaction reports on the total settlement value of debt securities and establish adequate written safeguards and procedures to protect subscribers' confidential trading information and separate ATS functions from other broker-dealer functions. ATSs with 5% or more of the average trading volume during at least 4 of the preceding 6 calendar months to establish standards for access to its system and apply those standards fairly to all prospective subscribers.

Additionally, ATSs that account for 20% or more of the average daily volume for municipal and corporate debt securities must comply with standards regarding capacity, integrity and security of their automated systems.

**Regulation of Non-ATS, Broker-Dealers**

Certain electronic trading platforms that do not meet the definition of exchange, or are excluded from the definition, may nonetheless have to register as a broker-dealer and comply with applicable requirements. §3(a)(4)(A) of the Exchange Act defines a broker as any person engaged in the business of effecting transactions in securities for the account of others. §3(a)(5)(A) of the Exchange Act defines dealer as any person engaged in the business of buying and selling securities . . . for such person's own account. Activities commonly associated with brokers include: structuring prospective securities transactions; assisting a market participant in identifying potential purchasers of securities; screening potential participants in a transaction for creditworthiness; soliciting securities transactions; receiving transaction-based compensation; participating in negotiations between potential transaction participants; handling customer securities or funds in connection with securities transactions; preparing or sending confirmations of transactions; or otherwise regularly participating in securities transactions at key points in the chain of distribution. Activities commonly associated with dealers include: letting people know that you are willing to buy and sell securities on a continuous basis; running a matched book; issuing securities that you also buy or sell; or making a market in, or quote prices for both purchases and sales of, one or more securities.

Market participants that meet the definition of "broker" or "dealer" must register with the Commission (i.e., by properly filing Form BD and becoming a member of an SRO) in accordance with §15(b) of the Exchange Act. Form BD, among other things, requires disclosure of the following information: the chain of ownership; any affiliations with other entities in the securities or investment advisory businesses; the officers and directors; information regarding disciplinary history; and the types of business activities to be conducted. Further, broker-dealers are subject to investigations, inspections and disciplinary actions by the Commission and SROs. Broker-dealers must comply with minimum net capital requirements to ensure its financial solvency. Broker-dealers must comply with specific recordkeeping, financial compliance, financial reporting and risk assessment requirements, including keeping books and records of all securities transactions and furnishing copies of those records to the Commission upon request. Similarly, FINRA and the MSRB require broker-dealers to report transactions in TRACE-Eligible securities and in municipal securities, respectively.
Regulation of Non-ATS, Non-Broker-Dealers

The Commission's Division of Trading and Markets Staff has consistently granted no action relief for operating electronic service platforms that do not, in the Commission's opinion, constitute "exchanges" or otherwise qualify as brokers or dealers. For example:

- In Neptune FI Fixed-Income System (dated Mar. 4, 2020) the Staff granted no action relief for operating a fixed income data connectivity network that facilitates the transfer of fixed income market pre-trade data (i.e., real-time, sell-side fixed-income pre-trade pricing data) from sell side market participants to approved buy side market participants. The NeptuneFI system provides a communication system through which buy-side market participants have the ability to see—rather than, e.g., receive over telephone—the indicative pricing from identified sell-side participants. Market participants cannot complete transactions on the system and would have to use a separate market infrastructure for the post-execution transaction process. NeptuneFI charges an annual fee for each market participant that accesses the system and that fee is not tied to the completion of the transaction.

- In S3 Matching Technologies (dated July 19, 2012), the SEC Staff granted no-action relief to a financial services software company that offered a computerized system that electronically linked registered broker-dealers to one another. The S3 system contained analytical tools relating to order routing and order execution as well as an order message communication tool, but the system was not involved in the execution, settlement or clearance of transactions. Similar to the NeptuneFI System, the S3 system was solely an electronic communications system that did not effect securities transactions and did not charge a transaction based fees (i.e., fees calibrated to the size, value or occurrence of securities transactions).

- In GlobalTec Solutions (dated Dec. 28, 2005), the SEC Staff granted no-action relief for operating a desktop application that allowed users to develop personalized trading strategies for publicly traded securities, and to submit orders to participating broker-dealers only after opening an account with that broker-dealer. Other than the transmission of order information, the GlobalTec system did not effect securities transactions. Similar to the NeptuneFI S3 systems, GlobalTec charged fees to access its system and did not receive transaction-based compensation.

- In Loffa Interactive Corp (dated Sept. 17, 2003), the SEC Staff granted no-action relief for an electronic communications tool that broker-dealers could use as part of their transaction execution and compliance efforts for margin requirements with respect to "letter of free funds" requests. Similar to the above, the sole function of the Loffa system was to convey information between market participants and did not otherwise participate in the securities transactions. Additionally, the flat fee per transmission on the Loffa System was not transaction-based compensation, as it was
not based on the size or value of any transaction that was completed due to information communicated through the system.

Despite not having to register as ATs or broker-dealers, the anti-fraud and anti-manipulation provisions of the federal securities laws remain relevant to these electronic systems and their subscribers. §17(a)(1) of the Securities Act of 1933 prohibits using any instruments of communication in the offer or sale of any securities to employ any device to defraud. §10(b) of the Exchange Act prohibits the use of "any manipulative or deceptive device" in connection with trading a security in contravention of rules promulgated by the SEC. Rule 10b-5 of the Exchange Act prohibits using any means to defraud, make false statements, omit relevant information or otherwise conduct business operations that would deceive another person in the process of conducting securities transactions. §9(a)(2) of the Exchange Act proscribes effecting "a series of transactions" in a security (i) that “creat[e] actual or apparent active trading” or affect its price, (ii) “for the purpose of inducing the purchase or sale of such security by others.”

SIFMA Opposes Applying Regulation ATS to All Electronic Platforms

Electronic platforms provide an efficient means for broker-dealers to provide and source liquidity. SIFMA cautions the Commission against the broad imposition of stringent regulatory requirements on these electronic platforms without first conducting a study on the impact additional regulations will have on the markets, given the potential for negative impacts on market functioning and liquidity. In particular, SIFMA strongly believes that platforms that merely act as informational conduits should remain outside the scope of Regulation ATS. Significant changes to Regulation ATS and/or the definition of exchange are not warranted and could have unintended negative consequences on the growth and development of electronic trading in these markets.

Despite the regulatory disparity between different types of fixed income electronic platforms, we request the Commission avoid creating regulatory burdens that could harm the customer interactions with their broker-dealers. Creating significant regulatory burdens on electronic platforms, such as subjecting all electronic platforms to the requirements of Regulation ATS, could ultimately reduce the number of different platforms available when most retail investors generally want their orders exposed to multiple platforms to obtain the best price. The Commission's regulation of broker-dealers and the anti-fraud provisions of the federal securities laws adequately protect investors' orders that are exposed to the different types of trading platforms. Thus, the Commission should promote growth in electronic trading in the fixed income markets to maintain efficient markets and focus, for example, on broker-dealers’ handling of orders consistent with current regulations to protect investors.

The majority of quote driven fixed income electronic platforms do not fit within the confines of Regulation. Considering the significantly larger number of tradable securities in fixed income markets—for example, a large corporation likely has just one equity trading symbol but may have 1,000 or more CUSIP numbers for various bond issuances—fixed income trading remains largely bilateral. Further, there are over 50,000 issuers of municipal securities and over one million different municipal securities outstanding compared to approximately 30,000 corporate bonds outstanding. Additionally, in corporate and municipal markets, market participants generally have less reliance on speed or automation to accomplish trades, do not use
order types or strategies of the same complexity as in the equity markets and likely have different reasons for using particular fixed income electronic platforms and for comparing them to one another than is the case in the equity markets.  

While rescinding the exemption to Regulation ATS for government securities ATSSs may be appropriate, further expansion of Regulation ATS to other corporate and municipal bond electronic trading platforms that do not currently meet the definition of an exchange is not warranted as there are significant differences between the Treasury market and the corporate and municipal bond markets. Corporate and municipal bond markets do not affect the Treasury's ability to borrow to finance the U.S. federal government's debt and are not used as instruments for monetary policy implementation. Additionally, as noted by the Commission, over the last six months of 2019, the average daily trading volume in government securities was about $835 billion, or roughly 95 percent of all fixed income trading volume in the U.S. As ATSSs for government securities have become a significant source of orders and operate with complexity similar to that of markets that trade stocks in terms of automation and speed of trading, the use of limit order books, order types, algorithms, connectivity and data feeds, the Commission now believes that applying Regulation ATS may be appropriate. However, these market dynamics are not true in the corporate and municipal bond markets. Thus, the Commission should prioritize providing avenues for the continued growth of electronic platforms in the corporate and municipal bond markets to promote efficient markets and benefit retail investors.

To the extent that the Commission considers that certain fixed income electronic trading platforms that perform substantially similar functions to ATSSs but fall outside the scope of Regulation ATS warrant additional oversight, we would encourage the Commission to consider whether the scope of Regulation ATS could be refined through targeted interpretive guidance rather than through revisions to Regulation ATS or the definition of exchange. If the Commission chooses to pursue this path we would welcome further discussion on how such interpretive guidance could be structured.

SIFMA Supports the Goals of the FIMSAC Recommendations to Improve Transparency with Regards to Fixed Income Electronic Trading Platforms

SIFMA supports the FIMSAC's goal of improving transparency but believes that more industry discussion and research is needed before the Commission moves to establish additional regulatory requirements on different kinds of electronic trading venues. We believe that it is premature at this time to establish a common regulatory framework without a better

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17 SIFMA ATS-N Letter at 34.
18 Proposal at 87177.
19 See Proposal at 87156.
understanding of the distinctions between different types of platforms, what are the problems those distinctions create (if any), and what the appropriate level of harmonization may be. Regulation ATS was the Commission's attempt to establish a regulatory scheme for all electronic trading systems in a manner that accounts for the differences of equities, fixed income and other securities markets.\(^{21}\) We do not object in principle to the idea that some additional level of harmonization may be appropriate, but we believe the Commission should undertake a more in-depth review of fixed income trading, engage in further discussion with members of the industry on the buy- and sell-side, and more explicitly outline the problems that any proposed regulations are intended to solve before moving forward with any such regulatory proposal.

SIFMA broadly supports efforts to increase transparency and reduce conflicts that might exist at trading venues, and when electronic trading volumes increase in the future, additional regulation may be warranted. Electronic trading of corporate and municipal bonds is still developing and creating significant regulatory burdens on electronic platforms could harm the customer interactions with their broker-dealers and ultimately reduce the number of different platforms available when most retail investors generally want their orders exposed to multiple platforms to obtain the best price. Tremendous consolidation in the municipal securities ATS market has already occurred—e.g., there are only a couple of significant muni ATS remaining—and further regulation could negatively impact broker-dealers' ability to provide best execution to main street investors who hold approximately $3 trillion of outstanding municipal securities—over 72 percent of the market. Thus, instead of creating additional regulatory obligations, the Commission should rely on its existing regulations governing broker-dealers and the anti-fraud provisions of federal securities laws to prevent risks to the integrity of the market for fixed income securities. The anti-fraud rules are broad principles designed to cover all situations and adequately protects investors' orders that are exposed to the different types of trading platforms. SIFMA welcomes further discussions on ways to improve transparency for fixed income electronic trading platforms once the Commission demonstrates the need for rulemaking.

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SIFMA greatly appreciates the Commission’s consideration of these comments and would be pleased to discuss them in greater detail. If you have any questions or need any additional information, please contact Rob Toomey (at 212-313-1124 or rtoomey@sifma.org), Chris Killian (at 212-313-1126 or ckillian@sifma.org) and/or Leslie Norwood (at 212-313-1130 or lnorwood@sifma.org).

Sincerely,

Rob Toomey
Managing Director & Associate General Counsel

Chris Killian
Managing Director, Securitization and Credit

Leslie Norwood
Managing Director, Associate General Counsel

cc: The Honorable Allison Herren Lee, Acting Chairman
    The Honorable Hester M. Peirce, Commissioner
    The Honorable Elad L. Roisman, Commissioner
    The Honorable Caroline A. Crenshaw, Commissioner

    Christian Sabella, Acting Director, Division of Trading and Markets