



Submitted electronically on July 11, 2025

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

Re: Release No. 34-103270; File No. SR-FINRA-2025-008, Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 6730 (Transaction Reporting)¹; Release No. 34-103262; File No. SR-MSRB-2025-01, Notice of Filing of a Proposed Rule Change to Amend Rule G-14 RTRS Procedures under MSRB Rule G-14 Regarding the Timing of Reporting Transactions in Municipal Securities to the MSRB and to Make a Related Amendment to Rule G-12²

SIFMA³ jointly with its Asset Management Group⁴ (collectively, “SIFMA”) is pleased to provide comments to the Commission regarding FINRA and the MSRB’s amendments to their rules regarding the reporting of transactions of certain fixed-income products under Rules 6730 and G-14, respectively (collectively, “the 2025 Proposal”). SIFMA supports FINRA and MSRB’s proposals to revise their rules and believe the SEC should approve them, subject to the comments below.

I. Executive Summary

As discussed in our previous letters^{5,6,7}, the implementation of one minute trade reporting, even in its final form that includes an exception for so-called manual trades, would have serious negative implications for the corporate bond, agency debt, securitized product, and municipal securities markets. These effects would be significant particularly for smaller broker-dealers. In each of our three previous letters, we suggested that the Commission, FINRA, and the MSRB reconsider if a one minute trade reporting requirement is appropriate for fixed income markets.

¹ Available here: <https://www.sec.gov/files/rules/sro/finra/2025/34-103270.pdf> (“FINRA proposal”)

² Available here: <https://www.sec.gov/files/rules/sro/msrb/2025/34-103262.pdf> (“MSRB Proposal”)

³ 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 one million employees, we advocate on 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).

⁴ SIFMA’s Asset Management Group (SIFMA AMG) brings the asset management community together to provide views on U.S. and global policy and to create industry best practices. SIFMA AMG’s members represent U.S. and global asset management firms whose combined assets under management exceed \$45 trillion. The clients of SIFMA AMG member firms include, among others, tens of millions of individual investors, registered investment companies, endowments, public and private pension funds, UCITS and private funds such as hedge funds and private equity funds. For more information, visit <http://www.sifma.org/amg>.

⁵ February 15, 2024 letter available here: <https://www.sifma.org/resources/news/sifma-and-sifma-amg-comment-on-one-minute-trade-reporting-proposals/>.

⁶ May 17, 2024 letter available here: <https://www.sifma.org/resources/submissions/sec-instituting-proceedings-on-finra-and-the-mrbs-proposals-to-shorten-trade-reporting-timelines-in-fixed-income-markets-sifma-and-sifma-amg/>.

⁷ August 2024 letter available here: https://www.sifma.org/wp-content/uploads/2024/08/SIFMA-AMG-Comments-on-1-Minute-Reporting-Amendment_Aug2024-Copy.pdf

SIFMA continues to believe that one minute reporting is neither necessary nor appropriate in fixed income markets. With respect to the 2025 Proposal, SIFMA commends FINRA and the MSRB for reconsidering their fixed-income trade reporting rules and for proposing changes that they believe to be in the best interest of fair, liquid, and transparent markets. As further explained by the comments below, SIFMA supports the 2025 Proposal and its reversal of the previous amendments to TRACE (FINRA) and RTRS (MSRB) rules that would have implemented one minute trade reporting.

This letter addresses the following topics:

- SIFMA supports the 2025 Proposal because one minute reporting is neither necessary nor appropriate in fixed-income markets;
- SIFMA supports MSRB’s proposal to implement an “as soon as practicable” requirement because it will align MSRB and FINRA rules while promoting fair and transparent markets;
- FINRA should reconsider why any advisory allocations are required to be reported; and
- SIFMA supports FINRA’s changes to the treatment of amendments

I. SIFMA Supports The 2025 Proposal Because One Minute Reporting Is Neither Necessary Nor Appropriate for Fixed-Income Markets

In our February 15, 2024 letter we stated that:

“... the current transparency framework achieves timely reporting and strikes an appropriate balance between benefits to market participants against associated burdens. The proposed transition to one-minute reporting has neither been adequately examined or justified, nor do we believe that the proposed one-minute reporting rule can be adopted without exposing the broker-dealer community to significant liability and creating risk to the function of some fixed income markets... The manual trade exemption as proposed, however, is not a panacea, and further, as we note, even one minute reporting for certain fully-electronic trades remains unworkable.”⁸

We continue to believe that determining and comparing the appropriate timeframes for reporting fixed-income trades with reference to the equity market is misguided. While there have been great advancements in technology and significant increases in the volume of electronic trading, fixed-income markets are not centralized or exchange based, vary widely in their liquidity, are granular and heterogeneous,⁹ and are primarily over-the-counter. Fixed income security trades often involve extensive research, analysis, and negotiation.

As explained in FINRA and MSRB’s various rule filings on this topic, over 80% of fixed income trading is currently reported within one minute.¹⁰ However, certain trades require more time, and the current rulesets allow for this additional time, which ultimately supports transparent, smooth, and liquid markets. However, this additional time is not unbounded -- FINRA’s rules currently include an “as soon as practicable” requirement, which helps ensure that trades are reported as soon as possible and not intentionally held back from reporting, and the 15-minute limit puts an outer bound on all trade reporting. MSRB is now proposing to include a similar “as soon as practicable” requirement in its rules, and we support that change as discussed later in this letter.

⁸ February 15, 2024 letter at 2.

⁹ There are millions of fixed-income CUSIPs, compared to tens of thousands of equity CUSIPs.

¹⁰ E.g., “FINRA found that 83 percent of trades across TRACE-Eligible Securities currently subject to the 15-minute reporting timeframe were reported within one minute of execution.” See *Proposed Rule Change to Amend FINRA Rule 6730 (Transaction Reporting) to Reduce the 15-Minute TRACE Reporting Timeframe to One Minute* (January 11, 2024), FINRA, available here: <https://www.finra.org/sites/default/files/2024-01/sr-finra-2024-004.pdf>.

There are two major problems with the one minute reporting framework. The first problem is that even some fully electronic trades may not be able to be reported in one minute. For example, as we have discussed previously, large amounts of customer allocations (which are required to be reported by dual-registered broker-dealers) may simply not be able to pass through trade processing and network infrastructure within one minute even if done in an automated manner – these can number in the tens of thousands for a single block trade. Other trades may involve dozens or hundreds of CUSIPs, such as a portfolio trade, where even if fully automated a one minute requirement may be impossible to meet.¹¹

The second problem is that even with the exception for “manual trades” some trades will not be reported in a timely manner as the reporting time limit shrinks from 15 minutes, to 10 minutes, and ultimately to 5 minutes. For example, clients may submit large bid lists to dealers, and a dealer could be obligated to manually report dozens or even hundreds of trades that have the same time of execution, and consequently the same reporting deadline, in an increasingly short timeframe. A dealer will not know which securities on the list it has “won” until the time the trade is executed, so it will not be able to pre-load reports in advance or take any similar preparatory action. As another example, a newly issued security (or a security that has not traded in a long time) may need to be set up on multiple dealers’ systems and with the regulator’s reporting facility. These are just a few of the scenarios that concern SIFMA members.¹²

The finalized-but-not-yet-effective framework for one minute trade reporting would create enormous expense for little benefit, given that more than 80% of trades are already reported within one minute, and it would be unworkable for some trades. Major system redesigns and millions of dollars of expense will be required to ensure all electronic trades would be reported in one minute without exception and that all manual trades would be reported in ten and then ultimately five minutes. Importantly, these costs would be disproportionately burdensome for smaller broker-dealers, who do not have internal resources to develop their own systems and would be forced to purchase expensive vendor solutions (or be forced to cease trading the subject securities).

For these reasons, we strongly support the MSRB and FINRA’s proposal to amend Rule G-14 and Rule 6730 (respectively), reverting their one minute reporting rules to the previous 15-minute reporting framework that has served to significantly improve transparency in fixed income markets for over 20 years.

II. SIFMA Supports MSRB’s Proposal to Implement An “As Soon As Practicable” Requirement Because It Will Align MSRB and FINRA Rules While Promoting Fair and Transparent Markets

SIFMA supports the MSRB’s decision to implement a rule to report trades “as soon as practicable” within the existing 15-minute window as an alternative to the one minute requirement. This new amendment will align with FINRA’s existing rule which requires TRACE-eligible securities to be reported as soon as practicable. Such a requirement supports fair and transparent markets. Broker-dealers are familiar with the process under the FINRA rules, so it makes sense to align the requirements. From an examination perspective, given that “as soon as practicable” is already the de-facto standard for many dealers, MSRB should confirm in the final rules its statement that “[MSRB] is planning to continue analyzing trade data and monitoring for reporting patterns that emerge with respect to timing of reporting”¹³

¹¹ For more discussion, see SIFMA February 15, 2024 letter at 7.

¹² For more discussion of this, see section 7 of our February 15, 2024 letter.

¹³ See MSRB proposal at 21.

As a general matter, our members desire alignment of FINRA and MSRB trade reporting rules when it is practical and beneficial.

III. FINRA Should Reconsider Why Any Advisory Allocations Are Required To Be Reported

FAQ 3.1.47 Should Be Withdrawn

The 2025 Proposal attempts to address the problem created by the guidance in TRACE FAQ 3.1.47 that dually registered firms must TRACE report individual allocations to advisory accounts.¹⁴ While the approach chosen by FINRA to address this problem in the 2025 Proposal has some benefits, a far more effective solution would be to simply withdraw TRACE FAQ 3.1.47.

In our August 21, 2024 letter we “encourage[d] FINRA to reconsider why reporting is required in the first place for firms registered as both broker-dealers and investment advisors.”¹⁵ SIFMA members do not believe it is appropriate that firms which engage in the same activity can have materially different trade reporting requirements based on their business model. To illustrate an extreme example of the problem, some of our members have multiple broker-dealer entities, where one must report advisory allocations because it is dual-registered, but the other is not required to do so.

The requirement for dual-registered firms to report their advisory account allocations, which can number in the tens of thousands for a single block trade, creates a significant burden for these dual-registered firms that other firms do not face. This is not fair, and it disadvantages these firms based on the business model they choose.

Allocation reporting does not improve transparency because allocations are not reflective of market activity and are not relevant for price discovery. They are akin to internal transfers of securities that are not done in the open market (regardless of changes in beneficial ownership). The price and size of the block trade, which is done on the open market, is relevant to viewers of TRACE data, and this is reported. No further reporting should be required.

In fact, reporting of allocations results in incomplete and misleading market data. TRACE reporting of advisory account allocations creates an illusion of greater volume that needs to be backed out in an analysis of true market activity. Further, allocation reporting by only dual-registrant broker-dealers provides incomplete information -- only the allocations made by these firms are reported, and vast numbers of allocations by firms with different business models are not reported. This information, by definition, is not essential to the transparency of trading and is misleading to the market. Accordingly, we believe FINRA should reconsider why any allocations are required to be reported and withdraw FAQ 3.1.47.

Discussion of the 2025 Proposal’s Allocation Reporting Provision

Under the 2025 Proposal, FINRA would no longer require the individual reporting of dual-registrant allocations and instead allow firms to include in the block trade report the number of allocations to associated customer accounts in a supplementary field. This would be an alternative to reporting individual allocations. To the extent that advisory allocations must continue to be reported, we support the addition of this option. We note, however, that this change will exacerbate the “incomplete information” problem discussed above. If firms choose to report the total number of

¹⁴ See FAQ item 3.1.47, available here: <https://www.finra.org/filing-reporting/trace/faq#GeneralReporting>

¹⁵ August 21, 2024 letter at 4.

advisory account allocations on the block report, even fewer allocations will be reported individually, making the requirement to report any allocations at all less sensible.

It is important that this be an optional approach, as it may not work for all dual-registrant firms. For some, the total number of allocations is not always known at the time of the block trade, and firms will prefer to report when it is known (within the timeframes required by the TRACE rules). These members noted that an end-of-day requirement to amend the block report with allocation information might be more achievable and make the optional approach more relevant to them. However, some firms may simply find the operational lift of making this change to be uneconomical. On the other hand, some firms will eagerly adapt to this change and choose the alternative path for reporting because it makes sense for their business and will help make their reporting processes more efficient. Given these diverging views, it is appropriate that the approach be optional.

Should FINRA continue to require advisory allocation reporting, we propose as an additional alternative for consideration a simplified approach that builds on existing technological infrastructure. It would be easier for some FINRA member firms, and additive to current workflows, to require a flag for when a block trade was related to advisory allocations. If FINRA's concern is to highlight trades with larger amounts of allocations, two flags could be created: Flag 1 for "smaller" numbers of allocations (e.g., <500), and Flag 2 for "larger" numbers (e.g. >=500).

If FINRA does not rescind FAQ 3.1.47, which we strongly prefer, we encourage further discussion with the industry regarding how to most efficiently achieve compliance with its provisions regarding advisory account allocations.

In sum, while we support FINRA's provision of alternatives to advisory allocation reporting, we suggest that FINRA go one step further and eliminate the individual allocation requirement altogether, as it would further improve trade processing efficiency and improve the accuracy of market data.

IV. SIFMA Supports FINRA's Changes To The Treatment of Amendments

We support the change to TRACE system logic described in footnote 5 of FINRA's proposal. We expect that, as is the case today, FINRA would continue to examine firms with a focus on identifying patterns and practices of amendments to previously reported trades.

V. Conclusion

We welcome the opportunity to discuss our comments or provide any additional assistance that would be helpful. If you have any questions, please do not hesitate to contact the undersigned at 202-962-7300 or (1) with respect to municipal securities, Leslie Norwood at 212-313-1130, or (2) with respect to TRACE-eligible Securities, Chris Killian at 212-313-1126, or (3) with respect to the SIFMA Asset Management Group, William Thum at 202-962-7381.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Ken Bentsen", with a stylized flourish at the end.

Kenneth E. Bentsen, Jr.
President and CEO