The Credit Roundtable
In association with the Fixed Income Forum

November 27, 2018

Mr. Brent Fields
Secretary & SEC Complaint Center
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: FIMSAC Recommendation for Pilot Program for Block-Size Trades in Corporate Bonds

Members of The Credit Roundtable would like to express their concern regarding potential changes to the Trade Reporting and Compliance Engine (TRACE) requirements for block-size trades in corporate bonds.

The proposed changes as we understand them are:

- Reporting cap for investment-grade corporate bond transactions would move from $5 million to $10 million;
- Reporting cap for below investment-grade corporate bond transactions would move from $1 million to $5 million;
- All trades above their respective dissemination cap will continue to be required to be reported no later than within 15 minutes of the time of execution, but they will be disseminated 48 hours after execution time, or later depending on the time of receipt of the trade report (i.e., trades reported after hours will be disseminated more than 48 hours after execution time).

While members of The Credit Roundtable (CRT) are supportive of increasing the reporting cap sizes as outlined, we object to the proposed 48-hour delay in reporting transactions that meet or exceed these caps. The foundational objective of TRACE was to improve transparency in the corporate bond market by ensuring that investors of all sizes have the same access to transactional data. At the time that TRACE was first implemented in 2002, it was widely accepted that an information advantage in corporate bond trading accrued to broker/dealers and large institutional investors as a result of their access to proprietary transactional data. Inefficient markets are characterized by asymmetric information. While certainly not perfect, TRACE has substantially improved the efficient and fair dissemination of information for all investors transacting in the corporate bond market.

We understand that improved block trading liquidity is the primary rationale expressed for testing the proposed changes to TRACE requirements. Presumably, improved block trading liquidity would benefit all participants in the corporate bond market. CRT members strongly support measures to improve liquidity in the corporate bond market; however, it is our opinion that the proposed 48-hour delay in reporting certain transactions would only consistently benefit the broker/dealer community and those institutional investors who transact regularly in large block sizes.

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A 48-hour window of proprietary knowledge of price action would put all investors not participating in such transactions at an information and competitive disadvantage. The benefits of this proprietary information would largely accrue to broker/dealers, very large institutional investors, and high frequency leveraged players at the expense of transparency for other participants in the corporate bond market. It is difficult for us to envision how such a result would improve block trading liquidity for all investors.

We are respectfully requesting that you reject the 48-hour delay in disseminating certain corporate bond transactions. We also respectfully request that you invite members of The Credit Roundtable to participate in future efforts to develop and propose changes to market requirements and protocols as we are very supportive of your stated goals. Thank you for your time and consideration. Please feel free to contact Cathy Scott to continue the dialogue on this issue.
Sincerely,

Cathy Scott | Director | Fixed Income Forum
On Behalf of The Credit Roundtable
Institutional Investor
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1 Formed in 2007, The Credit Roundtable ("CRT"), organized in association with the Fixed Income Forum, is a group of large institutional fixed income managers including investment advisors, insurance companies, pension funds, and mutual fund firms, responsible for investing more than $3.8 trillion of assets. The Credit Roundtable advocates for creditor rights through education and outreach and works to improve fixed income corporate actions, ineffective covenants, and the underwriting and distribution of corporate debt. Its mission is to improve risk assessment and management through education and seeks to benefit all bond market participants through increasing transparency, market efficiency, and liquidity.