
620 8th Avenue
35th Floor
New York, NY 10018
United States



+1 212 931 4900 Phone
+1 212 221 9860 Fax
ihsmarket.com

Ms. Vanessa Countryman
Acting Secretary of the Commission
Securities and Exchange Commission
100 F St NE
Washington, DC 20549-1090

April 29, 2019

File Number SR-FINRA-2019-008, Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service (Apr. 2, 2019)

Dear Ms. Countryman,

IHS Markit is pleased to submit these comments to the Securities and Exchange Commission (Commission) in response to the Financial Industry Regulatory Authority, Inc. (FINRA)'s Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service.¹

I. Introduction

IHS Markit is a global information and services company that provides data, insight, and solutions across 17 industries.² IHS Markit is a NASDAQ-listed public company under the ticker "INFO." IHS Markit has approximately 15,000 employees in 35 countries, including over 5,000 employees in the United States with offices in 21 states and the District of Columbia.³

IHS Markit's Financial Services division accounts for just over one-third of IHS Markit's revenues⁴ and provides data, software, technology platforms and managed services designed to address a variety of financial services industry-related challenges.⁵ The Ipreo suite of products for fixed income focus on the primary markets - from origination to settlement work flows.⁶ Ipreo IssueLaunch is a collaborative syndicate workflow tool that captures deal data entered by banks, performs validation, and distributes structured information in a secure and permissioned manner. IssueLaunch is used to create and

¹ Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service, Release No. 34-85488; File No. SR-FINRA-2019-008 (Apr. 2, 2019), available at <https://www.sec.gov/rules/sro/finra/2019/34-85488.pdf>.

² For more information regarding IHS Markit's solution offerings for these 17 industries, please see <https://ihsmarket.com/products.html>.

³ See <https://ihsmarket.com/about/locations.html>.

⁴ See IHS Markit, SEC Form 10-K Filing (Jan. 18, 2019).

⁵ See IHS Markit Financial Services, <https://ihsmarket.com/industry/financial-markets.html>.

⁶ See Ipreo by IHS Markit, <https://ipreo.com/>.

update deals in Ipreo's IssueNet inter-dealer network and Ipreo's IssueBook book-building software. It can also be used to send deal information to qualified investors via the Ipreo Deal Monitor and can integrate with other, third party systems, via an API.

In addition to offering comprehensive bond Pricing Data,⁷ IHS Markit's Reference Data delivers deep terms and conditions data and new issue information for global government, sovereign, agency, corporate and municipal bonds throughout their entire lifecycle, from new issuance to maturity. IHS Markit Reference Data aggregates and validates current detailed global bond information, including issuer details, currency, maturity, income and corporate actions. Our comprehensive Pricing and Reference Data offerings help improve operational efficiency and supports both intraday decision-making, price discovery, valuation, and risk management processes.

IHS Markit also has broad experience with regulatory reporting. As an outgrowth of the Ipreo business' bookbuilding tools, Ipreo acts as a third-party reporting agent for underwriters subject to Municipal Securities Rulemaking Board (MSRB) municipal bond reference data reporting requirements under MSRB rule G-34. In addition, IHS Markit's derivatives trade processing services also help facilitate compliance with Commodity Futures Trading Commission and other jurisdictions' swaps reporting requirements, among other regulatory requirements.⁸

II. Comments

FINRA should clarify the process regarding the correction of erroneously reported reference data

We generally support the goals of FINRA's initiative and submit these comments with the goal of ensuring that FINRA's centralized reference data service (RDS) performs its intended function successfully. Our goals focus on an area where we can add particular insight. Specifically, ensuring that the RDS contains accurate and timely data. Data quality is critical to ensure that the data at the RDS is not just available, but reliable and therefore useful.

Our principal comment is that FINRA should clarify the process regarding the correction of erroneously reported reference data. FINRA's proposal does not appear to contemplate a process to correct the reference data submitted to FINRA. As the complexity of FINRA's public database for fixed income data becomes more compacted, the value of mechanisms to ensure data accuracy increase commensurately. We refer to FINRA's policy regarding correcting erroneous data reported to TRACE as particularly instructive:

⁷ See IHS Markit Pricing Data, <https://ihsmarkit.com/products/pricing-data.html> ("IHS Markit provides financial pricing data and tools for bonds, CDS and loans, as well as fair value data, equity volatility data and securities lending data for stocks and bonds. Our service delivers detailed liquidity metrics and transparent information about pricing sources and methodologies, with flexible delivery options tailored to the needs of our clients.").

⁸ Globally, over 2,500 firms, 15 central counterparties, and over 70 execution venues use IHS Markit's derivatives processing platform (MarkitSERV) which processes, on average, 90,000 swap transaction events every day. See <https://ihsmarkit.com/products/markitserv.html> for more information.

Members should take particular care to report transactions into TRACE correctly and, therefore, the need for corrections should be rare. Nonetheless, where a correction is necessary, the member immediately must submit a correction to rectify inaccurate information. Information required to be corrected includes: (1) any item of information required by Rule 6730(c), and (2) any information voluntarily entered into a TRACE optional field. However, any change made to a transaction attribute that does not correspond to a TRACE trade report field should not result in a TRACE trade report correction.⁹

Given the relative number and complexity of the data fields required under the RDS proposal vs. those required under current TRACE reporting requirements, we also refer to Commodity Futures Trading Commission (CFTC) reporting rules as instructive. Under current CFTC rules, swap counterparties and execution venues have obligations to report errors and omissions to the reporting counterparty, execution venue, or swap data repository (SDR), depending on whether they are reporting swap transaction and pricing data or swap data.¹⁰ In addition to this duty to correct erroneously data, recently, the CFTC has proposed to go further in order to further ensure accurate public and SDR swap data records by requiring periodic “verification” of the accuracy of data contained at a SDR.¹¹

As a leading service provider for new bond issuances and as a firm that is familiar with regulatory reporting of varying complexity across fixed income and other asset classes, we would advise that in any rule implementing the RDS that FINRA set forth a process for correcting erroneously reported data.

Moreover, we note that Ipreo, because of the services it provides to market participants in the primary market through services like IssueLaunch, could help create solutions for submitting information to the RDS, identifying errors in reported data, and rectifying errors, before the first TRACE-eligible trade. Because of our role, our expertise in facilitating the exchange of reference data, and our experience with similar reporting requirements (most importantly MSRB G-34), our services should reduce the costs and difficulties of complying with RDS requirements.

* * * * *

IHS Markit appreciates the opportunity to provide these comments to the Commission. We would be happy to elaborate on or further discuss any of the points addressed above. If you

⁹ Reporting of Corporate and Agencies Debt Frequently Asked Questions (FAQ), at 1-11, Jan. 2017, <https://www.finra.org/industry/faq-reporting-corporate-and-agencies-debt-frequently-asked-questions-faq#1-11>.

¹⁰ See 17 CFR 43.3(e), available at <https://www.law.cornell.edu/cfr/text/17/43.3> for swap data reported pursuant to CFTC real-time public reporting rules and see also 17 CFR 45.14, available at <https://www.law.cornell.edu/cfr/text/17/45.14> for swap data reported pursuant to CFTC swap data reporting rules.

¹¹ See Proposed Amendments to the Commission’s Regulations Relating to Certain Swap, RIN Number 3038-AE32, Apr. 25, 2019, <https://www.cftc.gov/system/files/2019/04/25/federalregister042519.pdf> at proposed 49.11 (pp. 240-242).



have any questions, please do not hesitate to contact Salman Banaei, Executive Director at IHS Markit and Americas Head of Regulatory Affairs at [REDACTED] or [REDACTED].