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April 29, 2019

Submitted Electronically

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

Re: Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service (Release No. 34-85488; File Number SR-FINRA-2019-008)

Dear Ms. Countryman:

Bloomberg L.P.¹ is grateful for the opportunity to provide the Securities and Exchange Commission (“SEC” or “Commission”) with our comments regarding the above-referenced proposed rule change (“Proposal”).

I. Executive Summary

FINRA has proposed to compile and market a new “Data Service” for new-issue reference data on corporate bonds. The Proposal would require underwriters to submit a substantial amount of data to FINRA before the initial offering of a “Corporate Debt” TRACE-Eligible security prior to the execution of the first transaction. The Proposal would also authorize FINRA to sell this data back to market participants at a FINRA-prescribed fee. We have serious reservations and so should the Commission.

The Proposal is full of anonymous anecdotes and conclusory assertions, but no empirical evidence or other information that explains why current competition in this space is problematic as a matter of public policy.

Currently, multiple vendors compete to provide bond reference data and related services. The Proposal laments the presence of these competing vendors and their “duplicated efforts.” But it is that competition that ultimately drives improvements in quality, timeliness, and accuracy. Differing market choices among data vendors—or among broker-dealers, butchers, bakers or candlestick makers—is generally not seen as the sign of a market failure but rather as a hallmark of a competitive market. Aside from these options being available to consumers, the Proposal

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identifies no market failure necessitating the entry of an SRO, through SEC rulemaking procedures, into a competitive market comprised of independent firms.

The experience the market has had with many for-profit equity exchanges is instructive. There are inherent conflicts of interest in mixing commercial and regulatory roles. Market participants should not be placed in the position of wondering whether they need to buy their regulator's commercial offering. Empowering a regulator to use its coercive powers to create a government-backed service should be permitted only where there is demonstrated need and in the absence of a competitive market.

The Proposal does not provide evidence of demonstrated need. Likewise, the announced pricing of the service—at \$250 to \$6,000 per month—as “cost plus margin” is not supported by any data on cost, on margin, or on anything else. Further, there is no information regarding the quality of the service that would be provided, including whether or how this utility would plan to spend money investing to improve the service. There is no way to judge what the quality-adjusted price would be of the new service fees. Allegedly cost-based fees without cost justification are directly inconsistent with recent Court and Commission holdings. On that basis alone, it is hard to see how this rule can be approved.

Along with a lack of demonstrated need, there is clearly a lack of any serious exploration of ways to impose additional structure on this data while protecting competition and encouraging innovation. Would it make sense to have a competitive request for proposal to solicit bids to provide this service? Would it make sense to articulate standards or establish regulatory floors and then have data providers compete within that framework? Why make the provision of a monopoly service the starting point rather than the last resort? These questions must be asked, not merely as a matter of logic but as a matter of law. Mandatorily, FINRA rules cannot impose unnecessary or inappropriate burdens on competition.² Likewise, the SEC has an affirmative obligation to consider the impact of an SRO's proposed rules on competition.³

FINRA concedes that the Proposal could create a single point of failure. FINRA thinks that is “unlikely” because vendors will be collecting data adjacent to the “limited fields” of data it presently seeks to provide. This illustrates one of the tensions in the Proposal. On the one hand, FINRA will centralize some set of data, but on the other FINRA expects vendors to continue to compete to collect other data. There is no empirical work to suggest whether this is likely to be so, particularly if the expectation is that FINRA will unilaterally expand the scope of “its” data and diminish the scope of “competitive data.” So the Proposal will likely reduce competitive incentives to some degree in exchange for either: (1) adding a service that is not mandated and is essentially just one more competitor; or (2) substituting a sole source vendor who has no

² See 15 U.S.C. 78o-3(b)(9) (“The rules of the association do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of this chapter.”).

³ See 15 U.S.C. 77b(b) (“Whenever pursuant to this subchapter the Commission is engaged in rulemaking and is required to consider or determine whether an action is necessary or appropriate in the public interest, the Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.”).

incentive to improve quality-adjusted prices for the existing set of high quality competitive data vendors.

The Proposal expressly intends to establish a model that will expand to cover the provision of currently unspecified additional services over time.⁴ It is not clear at what precise point FINRA's expansion crowds out private competition sufficiently to produce a significant threat of a single point of failure. That question should be—and has not been—addressed.

If we are heading down a road where the regulator regularly plans to monopolize competitive markets, then, as noted above, there undoubtedly will be a major chill of private investment in this space, a likely diminution of data quality (i.e., an anticompetitive increase in quality-adjusted prices), and the creation of single points of failure. In light of FINRA's assertion (discussed below) that it intends in the future to utilize its regulatory powers to enter other currently competitive spaces, we recommend the Commission take this opportunity to consider and articulate the standards governing when a regulator will be permitted to leverage its regulatory powers to displace private sector actors.

The Proposal is at variance with Commission mandates—as well as U.S. antitrust law and economic history—in seeking to establish a government-mandated monopoly that crowds out competition without articulating an economic theory or demonstrating empirical evidence to justify it.

II. FINRA's Proposal

The Proposal provides that underwriters subject to the proposed Rule 6760 rule would be required to report 26 data elements—in addition to the data elements already specified by the rule—to FINRA for new issues in corporate debt securities prior to the first transactions in those securities.⁵

As an initial matter, of the 26 data fields specified, a number of fields are either unnecessary to achieve FINRA's stated goals or will not even be disseminated to subscribers of the new issue data service. The Proposal specifically explains that “there may be some information collected

⁴ See Securities Exchange Act Release No. 85488 (April 2, 2019), 84 FR 13977, 13979 (April 8, 2019) (Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service) (“Based on implementation of this proposal, FINRA would evaluate a potential expansion of the new issue reference data service to include other debt products.”).

⁵ The new data elements are: (A) the International Securities Identification Number (“ISIN”); (B) the currency; (C) the issue date; (D) the first settle date; (E) the interest accrual date; (F) the day count description; (G) the coupon frequency; (H) the first coupon payment date; (I) a Regulation S indicator; (J) the security type; (K) the bond type; (L) the first coupon period type; (M) a convertible indicator; (N) a call indicator; (O) the first call date; (P) a put indicator; (Q) the first put date; (R) the minimum increment; (S) the minimum piece/denomination; (T) the issuance amount; (U) the first call price; (V) the first put price; (W) the coupon type; (X) rating; (Y) a perpetual maturity indicator; and (Z) a Payment-In-Kind (PIK) indicator. *Id.* at 13978.

under the Rule for security classification or other purposes that would not be disseminated.”⁶ The term “other purposes” is never explicated. It appears that a regulatory obligation is being imposed to facilitate FINRA’s plan to ultimately leverage its regulatory powers in order to provide as-yet unspecified additional products and services. Imposing a regulatory burden in order to help FINRA’s research and development as well as product development strikes us as ill-advised.

Investors generally receive bond reference data from their current data vendors as part of their existing data package. Under the Proposal, however, each subscriber or vendor would pay FINRA a new fee for the reference data disseminated by FINRA: \$250 per month for receipt of corporate new issue reference data for use for internal purposes only; or \$6,000 per month for any person or organization who shall retransmit or repackage corporate new issue reference data for delivery and dissemination to any outside person or organization in any way. No data has been provided to support these fees. Notably, the Proposal provides neither details about the cost estimates nor an explanation as to whether and how investments will be made to improve product quality over time.

III. FINRA bears the burden of demonstrating that the Proposal is consistent with the Securities Exchange Act of 1934

a. The statutory standard and the SEC’s rules of practice

The Commission analyzes and ultimately decides upon the permissibility of SRO actions based on their consistency with FINRA’s “self-regulatory” authority under the Securities Exchange Act of 1934 (“Act”). Under Section 19(b)(2)(C) of the Act, the Commission shall approve a proposed rule change of an SRO if it finds that the proposed rule change is consistent with the requirements of the Act and the applicable rules and regulations.⁷ Correspondingly, the Commission shall disapprove a proposed rule change if it does not make such a finding.⁸

The Commission’s Rules of Practice require self-regulatory organizations to bear the burden of justifying rule changes with data and evidence. Specifically, Rule 700(b)(3) provides that the “burden to demonstrate that a proposed rule change is consistent with the [Act] and the rules and regulations issued hereunder . . . is on the self-regulatory organization that proposed the rule change” and that a “mere assertion that the proposed rule change is consistent with those requirements, or that another self-regulatory organization has a similar rule in place, is not sufficient.”⁹ Rule 700(b)(3) also provides that “the description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable

⁶ See Securities Exchange Act Release No. 85488 (April 2, 2019), 84 FR 13977, 13979 note 11 (April 8, 2019) (Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service).

⁷ See 15 U.S.C. 78s(b)(2)(C)(i).

⁸ See 15 U.S.C. 78s(b)(2)(C)(ii).

⁹ 17 CFR 201.700(b)(3).

requirements must all be sufficiently detailed and specific to support an affirmative Commission finding.”¹⁰

b. Relevant precedents

The D.C. Circuit and the Commission have recently issued four decisions that should inform the Commission’s analysis of the Proposal. Taken together, these precedents establish that FINRA *not only* has the burden of presenting statements in support of the Proposal that are sufficiently detailed and specific to sustain a finding that the Proposal is consistent with the Act—as required by the Commission’s Rules of Practice—but also that FINRA’s statements need to be bolstered by sufficient verifiable evidence that the Commission may carry out its statutorily mandated review function. Since these precedents stress that the Commission may *not* maintain an unquestioning reliance on FINRA’s representations, the onus is on FINRA to back up the Proposal with significantly more than its own conclusory statements.

c. The October 2018 NetCoalition decision

In October 2018, the Commission issued its latest decision on a consolidated set of challenges to SRO rulemaking filed by the Securities Industry and Financial Markets Association (“SIFMA”).¹¹ In 2013, SIFMA had challenged rule changes filed by two SROs.¹² In the October 2018 order, the Commission held that the SROs had failed to meet their burden of showing that their actions were consistent with the purposes of the Act.¹³ The Commission clarified that while it was possible that the challenged fees could be shown to be fair and reasonable and otherwise consistent with the Act, the evidence provided by the SROs failed to satisfy their burden.

d. The August 2017 Susquehanna decision

In August 2017, the D.C. Circuit issued Susquehanna International Group v. SEC,¹⁴ a decision holding that the Commission’s order approving a proposed rule change filed by an SRO did not provide the reasoned analysis required by, inter alia, the Act. The court noted that the Commission relied too heavily on the SRO’s findings and determinations in approving the proposed rule change.¹⁵ According to the court, the Commission should have either “critically reviewed” the SRO’s analysis or performed its own analysis.¹⁶ The court specifically warned the Commission to abstain from reaching a conclusion that is “unsupported by substantial

¹⁰ Id.

¹¹ See generally In the Matter of the Application of SIFMA, Securities Exchange Act Release No. 84432 (October 16, 2018), available at <https://www.sec.gov/litigation/opinions/2018/34-84432.pdf>.

¹² See id. at 12.

¹³ See id. at 28 (“[W]e conclude that the exchanges have failed to meet their respective burdens to show that their fees are fair and reasonable...”).

¹⁴ 866 F.3d 442 (D.C. Cir. 2017).

¹⁵ See id. at 447

¹⁶ Id.

evidence.”¹⁷ The Commission eventually disapproved the proposed rule change, explaining that pursuant to the D.C. Circuit’s holding, the Commission must “critically evaluate the representations made and the conclusions drawn” by an SRO in determining whether a proposed rule change is consistent with the Act.¹⁸

e. The July 2018 NMS Plan order

In July 2018, the Commission issued an order related to the national market system plan (“NMS Plan”) amendments that the Consolidated Tape Association (“CTA”)/Consolidated Quotation (“CQ”) Plan had filed regarding certain fees.¹⁹ The CTA did not identify any basis by which the amendments could be assessed for fairness and reasonableness, and the SEC’s order emphasized that the fairness and reasonableness of an amendment had to be “explained and supported in such a manner that the Commission has sufficient information before it to satisfy its statutorily mandated review function.”²⁰ The Commission’s order stayed the effectiveness of the amendments because, inter alia, the CTA’s “unsupported” declaration regarding fairness and reasonableness was inadequate.²¹

f. The March 2019 BOX order

In March 2019, the Commission issued an order disapproving a proposed rule change filed by an SRO, noting that the information provided by the SRO was “insufficient to support a finding that the proposed rules changes are consistent with the requirements of the Act.”²² Citing Susquehanna International Group v. SEC, the Commission underscored that it “cannot simply accept what the SRO has done, and cannot have an unquestioning reliance on an SRO’s representations in a proposed rule change.”²³

IV. The Proposal fails to provide evidence demonstrating that fees and revenues are consistent with the Exchange Act’s requirement of fair and reasonable fees

FINRA claims that the Proposal is consistent with Sections 15A(b)(5) and 15A(b)(6) of the Act.²⁴ Notably, Section 15A(b)(5) requires that FINRA rules provide for the equitable allocation

¹⁷ Id. at 447-48

¹⁸ See Securities Exchange Act Release No. 85121 (February 13, 2019), 84 FR 5157 (February 20, 2019) (SR-OCC-2015-02).

¹⁹ See In the Matter of Bloomberg L.P., Securities Exchange Act Release No. 83755 (July 31, 2018), available at <https://www.sec.gov/litigation/opinions/2018/34-83755.pdf>.

²⁰ Id. at 14-15.

²¹ Id. at 14.

²² Securities Exchange Act Release No. 85459 (March 29, 2019), 84 FR 13363, 13367 (April 4, 2019) (Order Disapproving Proposed Rule Changes to Amend the Fee Schedule on the BOX Market LLC Options Facility To Establish BOX Connectivity Fees for Participants and Non-Participants Who Connect to the BOX Network).

²³ Id. at 13368 (internal citations and quotation marks omitted).

²⁴ Securities Exchange Act Release No. 85488 (April 2, 2019), 84 FR 13977, 13979-13980 (April 8, 2019) (Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service).

of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that FINRA operates or controls.²⁵

FINRA has failed to provide any evidence that the proposed fees are equitable and reasonable, and thus consistent with the Act. FINRA claims that it will price the new issue reference data “as a utility, using cost plus margin pricing.”²⁶ This mere assertion—that fees will be implemented on a cost-plus basis—cannot satisfy FINRA’s obligation to demonstrate that the Proposal is consistent with the equitable and reasonable requirements set forth by Section 15A(b)(5) of the Act.²⁷

Rather than provide the Commission with information that could be used to contextualize or evaluate the proposed pricing scheme in light of the requirements of the Act, FINRA merely asserts that it “*believes . . .* that the fees are reasonably designed to cover FINRA’s ongoing operational costs.”²⁸ “[T]he proposed fee structure,” according to the Proposal, “reflects FINRA’s estimates of the ongoing operational costs related to the new proposed data service, including direct staff allocated to the initiative, and related functions, including technology, legal, billing, and finance.”²⁹ These assertions are not supported by a single number; it is unclear how the Commission could determine whether the revenues generated by the Proposal will offset FINRA’s operational costs or generate a reasonable margin if FINRA provides no data about its revenues, costs, or margin. The claim of “cost plus margin” cannot be substantiated without knowing cost or margin.

FINRA also states that its proposed service “*will* exert disciplinary pressure on the current pricing for the data.”³⁰ This is likewise impossible to scrutinize without additional details. Without any evidence that FINRA’s service will be comparable to existing services in terms of speed, quality, or demand, FINRA cannot show that market participants will deem FINRA’s service interchangeable with others, and therefore cannot show whether that the new service will impose disciplinary pressure on the fees charged by existing players in this market. Indeed, FINRA may choose to effectively displace competitors to some degree and that likely would reduce competitive incentives because the size of the contestable market would shrink and its continued existence would become largely a function of FINRA’s regulatory decisions.

FINRA provides limited insights into its management of the TRACE system and the associated revenues and costs. FINRA provides four data sets through the existing TRACE system via a

²⁵ See 15 U.S.C. 78o-3(b)(5).

²⁶ *Id.* at 13980.

²⁷ 17 CFR 201.700(b)(3) (“A mere assertion that the proposed rule change is consistent with those requirements, or that another self-regulatory organization has a similar rule in place, is not sufficient.”).

²⁸ Securities Exchange Act Release No. 85488 (April 2, 2019), 84 FR 13977, 13980 (April 8, 2019) (Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service) (emphasis added).

²⁹ *Id.*

³⁰ *Id.* at 13981 (emphasis added).

data feed.³¹ For a user to subscribe to an existing feed, FINRA charges per data set between \$60 per month for display use and up to \$7,500 per month for unlimited internal use.³² While the Proposal notes that this additional service would constitute only “an incremental addition to current practices, both for FINRA and the underwriters that must report corporate new issue information,”³³ it does not specify the additional revenue that FINRA expects from this service.

FINRA has previously acknowledged its obligation to explain the basis for the fees imposed by its rules, including the costs underlying those services and charges.³⁴ FINRA’s experience has shown that its initial estimates for costs, charges, and revenues may result in overcharging the market and corresponding fee reductions based on actual usage and revenue data.³⁵ Although FINRA has not always provided costs and revenue data, sometimes that cursory treatment was justified based on the de minimis fees involved.³⁶ The Proposal identified no basis for why an

³¹ Real-Time TRACE transaction data disseminated by FINRA comprises the following four data sets: corporate bonds, agency debt securities, securitized products, and transactions in TRACE-Eligible Securities effected pursuant to Securities Act Rule 144A. See FINRA Rule 7730(c), available at http://finra.complinet.com/en/display/display_main.html?rbid=2403&element_id=4480.

³² Professionals and non-professionals may subscribe to receive real-time TRACE transaction data disseminated by FINRA according to a fee schedule. Aside from free trials, professionals pay either (i) \$60 per month per display application per data set; or (ii) a flat fee of \$7,500 per month per data set for unlimited internal use on any number of display applications. Except for vendors providing data to tax-exempt organizations, vendors pay either (i) \$1,500 per month per data set for any person or organization that receives the feed; or (ii) \$250 per month per data set for daily receipt of “Snapshot Real-Time TRACE transaction data” (i.e., one TRACE price per security per day). Vendors providing data to tax-exempt organizations pay \$400 per month per data set. A natural person is not subject to fees for accessing and using TRACE transaction data solely for personal, non-commercial use, and non-professionals pay no fees for receiving data sets of real-time TRACE transaction data disseminated through TRACE. See id.

³³ Securities Exchange Act Release No. 85488 (April 2, 2019), 84 FR 13977, 13978 (April 8, 2019) (Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service).

³⁴ See, e.g., Securities Exchange Act Release No. 45960 (May 17, 2002), 67 FR 36654, 36657 (May 24, 2002) (Notice of Filing of Proposed Rule Change by NASD Relating to Proposed Fees for TRACE for Corporate Bonds) (“The NASD represents that developmental costs of TRACE, to date, are approximately \$7.2 million. In addition, the NASD represents that total operating costs for the TRACE system are estimated to be approximately \$6 million annually.”).

³⁵ See, e.g., Securities Exchange Act Release No. 47056 (December 19, 2002), 67 FR 79205, 79209 (December 27, 2002) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NASD and Renewal on Pilot Basis of NASD Rule 7010(k) Relating to Fees for TRACE) (“Following the operation of TRACE, NASD staff has been collecting data on trade reporting fees incurred by participants. The revenues generated by this fee have been higher than originally forecasted. As a result, NASD is proposing that trade reporting fees be reduced by 5% for 2003.”).

³⁶ See, e.g., Securities Exchange Act Release No. 79682 (December 23, 2016), 81 FR 96530, 96531 (December 30, 2016) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Eliminate Fees for Historical Trade Data Accessed Through the FINRA ADDS Web Site) (“The overall revenue that FINRA collects from fees for Plus Reports through the FINRA ADDS Web site is de minimis, and as such, FINRA does not believe that the fees warrant the administrative burden of

accounting of its costs and revenues would not be required under the Commission's recent SIFMA and Box decisions, not to mention its own claim to adopt "cost-plus utility pricing," or why FINRA could not support its proposed fees with such justifications now.³⁷

In justifying the fees proposed in connection with expanding the TRACE system to include the proposed reference data service, FINRA should show that the existing fees are fair and reasonable and, in light of the additional services, necessary to operate the proposed services on a cost plus margin basis. A mere assertion that the fees are consistent with the requirements of the Act is not sufficient. By not providing substantial evidence to support its claims, FINRA strips the Commission of its ability to critically evaluate FINRA's representations and conclusions.³⁸

V. The Proposal does not include a data-driven analysis sufficient to establish the need for, or the relative merits of, the proposed service

Aside from the fees, the Proposal to introduce a new, government-backed data product in a competitive market is not supported by data sufficient to justify the Commission's approval. The Proposal relies on a number of speculative statements that are unsubstantiated or outright contradicted by statements elsewhere in the Proposal. FINRA must conduct a more thorough analysis to show that the Proposal is necessary and appropriate. A number of these unsubstantiated claims have been outlined below.

- a. No evidence indicates that a new central source for collecting and disseminating new issue reference data would provide market participants with more complete, accurate and timely data about new issues; the impact of errors in a centralized system is magnified*

FINRA repeatedly asserts that a centralized system administered by FINRA would provide a more accurate, complete, and consistent reference data set than those that are currently being provided by competing data providers.³⁹ As a general matter, it is questionable whether a single SRO would provide more accurate, complete and timely service than competing private sector providers. Indeed, this core justification for the new data product is unsupported by evidence in the Proposal.

calculating members' fees based on reported volume and number of reports under the current fee schedule.").

³⁷ See generally Securities Exchange Act Release No. 85459 (March 29, 2019), 84 FR 13363 (April 4, 2019) (Order Disapproving Proposed Rule Changes to Amend the Fee Schedule on the BOX Market LLC Options Facility To Establish BOX Connectivity Fees for Participants and Non-Participants Who Connect to the BOX Network).

³⁸ See generally In the Matter of the Application of SIFMA, Securities Exchange Act Release No. 84432 (October 16, 2018), available at <https://www.sec.gov/litigation/opinions/2018/34-84432.pdf>.

³⁹ See Securities Exchange Act Release No. 85488 (April 2, 2019), 84 FR 13977, 13978, 13980, 13981 (April 8, 2019) (Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service).

Further, the impact of any errors on FINRA’s new service would be magnified by the fact that FINRA’s system would be a centralized system that is relied upon by all market participants. If FINRA’s data is to be adopted as a single industry “gold standard,” such errors will introduce systemic problems in trading, settlement, and clearance. Any incorrect information submitted to the central source will automatically be disseminated to the market. Not only will FINRA have incorrect data, the entire market will be relying on the same incorrect data.

What FINRA describes as a fault of the current system—that data providers rely on various sources for collecting the reference data including deal documents, issuers, vendor data, pricing wires and final prospectuses—actually identifies the method by which data providers are able to aggregate high quality reference data. Expending time and effort to source and verify information produces a more accurate and reliable data set. The efforts behind this process are even acknowledged elsewhere in the Proposal as FINRA describes the “extensive coordination among market participants and manual data collection compilation and cleaning efforts” of data providers.⁴⁰ FINRA apparently believes that this vetting and diligence process can be short-circuited by regulatory mandate. Unfortunately, no data corroborates this belief. The risk of error would certainly appear higher where a regulator merely collects underwriter submissions, compared to a vendor seeking out and verifying issuer reference data.

b. No evidence indicates that a new central source for collecting and disseminating new issue reference data would reduce broken trades and errors

Prior to filing the Proposal with the Commission, “FINRA talked to four data providers, three underwriters, two trading platforms, and two clearing firms.”⁴¹ Yet FINRA provides no evidence to support the claim that new issue data “would benefit trading platforms and clearing firms by reducing broken trades and errors in trading due to inconsistent information.”⁴² We have limited insight into settlement and clearing errors in new issues, but this is not a complaint customers have raised with Bloomberg about the reference data we currently provide.

There are typically very long lead times between pricing and settlement for new issues. In the absence of data to the contrary, there appears to be plenty of time to correct errors before they enter the settlement and clearing process. We looked at new issues from January 2, 2018 to April 11, 2019 to evaluate the number of days between when a new issue is priced and when it settles. We found that only 8.5% of new issues settle “regular way” (pricing date + 2 days). Over 91% of new issues settle three days or more after a new issue is priced, with 66% settling four days or more after a new issue is priced. Conditions remain similar across “issue size” cohorts.

⁴⁰ *Id.* at 13981.

⁴¹ *Id.* at 13980, note 18.

⁴² *Id.* at 13981.

Segment	Issue Size	Settlement Cycle (Pricing Date to Settlement)			
		T+4 or more	T+3 or more	Regular Way (T+2)	Next day (T+1)
All		66%	91%	8%	0.2%
Jumbo	1BN +	81%	96%	4%	0.1%
Benchmark	500MM to 1BN	74%	93%	7%	0.1%
Medium	250MM to 500MM	77%	93%	7%	0.0%
Small	50MM to 250MM	76%	89%	10%	1.3%
Micro	50MM	59%	90%	10%	0.2%

Source Bloomberg Finance L.P., New Issues January 2, 2018 to April 11, 2019

What percentage of new issue bond trades have to be amended or have settlement failures? Data would enable the Commission to determine whether settlement issues are higher in new issues than seasoned corporate bonds, whether there is another structural issue causing settlement inefficiencies, and whether FINRA’s TRACE system is the appropriate solution to this problem. This data is needed for the Commission to assess whether FINRA has proposed a solution in search of a problem, is addressing and can solve the “observed” problems, and has robustly considered the costs and benefits of the Proposal. The Commission should direct FINRA to demonstrate how this service will help.

Although FINRA has not shown that there are settlement and clearing issues, information on this point is critical to evaluating the need for FINRA’s proposed service. FINRA’s anecdote—that new issue reference data is reliably available the morning after a new issue is priced⁴³—indicates that any problem with the current regime occurs on pricing day. We are not sure FINRA’s service will help.

FINRA providing new issue information just prior to the issue being free to trade in the secondary market does not change workflows. At the October 29 FIMSAC Meeting, it was explained that setting up a new issue so that underwriters and buy side participants can evaluate and allocate is a manual process.⁴⁴ We concur. Bloomberg manually sets up new issues, collaborates with underwriters to perform quality assessments of the data and works with the Object Management Group to assign a Financial Global Market Identifier to a new issue. On average, this process is completed 8.5 hours before FINRA first disseminates the information through the TRACE system’s real-time “Security Daily List for Corporate and Agency Debt”

⁴³ See *id.* at 13980, note 17.

⁴⁴ See Remarks of Alex Sedgwick, Transcript of Meeting of the Fixed Income Market Structure Advisory Committee (October 29, 2018), available at <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-102918transcript.txt> (“I think one thing that I would point out is there is one key kind of manual process in the entire daisy-chain of events once you get off the desk and that is really entering the information into that system. So, typically, what we do is we have somebody on the desk who takes the information, usually off of Bloomberg and hand enters it into that product.”).

feed.⁴⁵ The same canceling/correcting from initial set up that occurs today would continue after FINRA's service becomes operational. However, market data vendors are working with underwriters to electronify the beginning of the new issue process from the announcement. As noted above, FINRA entering this space could make the private sector question whether to continue to invest in such innovation—innovation that promises significant efficiencies for issuers and savings for investors.

c. No evidence of market structure problem in plight of anonymous trading platform

The Proposal notes that, according to one trading platform, its reference data provider would only provide data relating to new issues the morning after issuance, which resulted in the firm's clients not being able to trade the bond when it began to trade (usually the previous afternoon).⁴⁶ This one anonymous trading platform is as close to an articulated specific complaint as FINRA comes.

FINRA's TRACE data suggests that this anecdote demonstrates a commercial problem rather than a need for regulatory intervention. Our analysis of TRACE data for new issues shows that almost all new issues trade in the secondary market during the afternoon of the day the issue is priced (issued), with a significant amount of secondary market activity involving alternative trading systems. A reference data provider that, despite this, cannot provide its customers with timely service should face the consequences of competition, not wholesale government intervention.

The Commission should further study this issue before allowing the Proposal to take effect on the ground that it will help facilitate same-day trading. Bloomberg examined a month of FINRA TRACE data. We looked at all of the new issues from March 12, 2019 to April 11, 2019 and asked: (1) When are new issues freed to trade in the secondary market?; (2) Is there ATS activity in these new issues when they are freed to trade?; and (3) What is the activity in new issues the day after they are initially priced?

The data confirms that indeed the majority of Jumbo, Benchmark and Medium-sized new issues do tend to trade in the secondary market in the afternoon following their issuance (the pricing date). Not surprisingly, the level of secondary market activity tends to be correlated to the issue's size. Nearly all new issues 250MM+ have secondary market activity (e.g. TRACE prints) in the afternoon of the pricing date. At least 60% of Jumbo, Benchmark and Medium-sized new issues experience secondary trading the next day. Small and micro-sized new issues have little secondary market activity after being priced.

⁴⁵ We measure the difference between the time stamp of the creation of a new issue's Financial Global Market Identifier and the time that FINRA disseminates the new issue on their "Security Daily List for Corporate and Agency Debt" feed.

⁴⁶ See id. at 13980, note 17.

Segment by Issue size	Activity on "Pricing Day"			Activity on "Pricing Day" + 1			
	New issues that had a TRACE print on "pricing day"	New Issues where the first TRACE print on "pricing day" was in the afternoon	New issues that had an <u>ATS</u> TRACE print on "pricing day"	New issues that had a TRACE print on "pricing day" + 1	New issues that an <u>ATS</u> had a TRACE print on "pricing day" + 1	New issues that had an <u>ATS</u> print on "pricing day" + 1 in the AM	New issues that had an <u>ATS</u> print on "pricing day" + 1 in the PM
ALL	31%	96%	31%	46%	31%	64%	63%
Jumbo	68%	100%	43%	83%	47%	82%	23%
Benchmark	44%	96%	28%	69%	31%	48%	21%
Medium	33%	100%	11%	60%	12%	0%	12%

Source Bloomberg Finance L.P., New Issues March 12, 2019 to April 11, 2019

TRACE data also shows that ATs are active during the afternoon of the "pricing date." ATs arranged a trade in 43% of the new Jumbo-sized issues, 28% of the new Benchmark-sized issues and 11% of medium-sized issues. The TRACE data shows that although there is a drop off in the percentage of issues that trade in the secondary market the next day, ATs continue to compete to arrange trades. Although it appears that ATs are more active in printing trades with 82% of the jumbo-sized issues that have secondary market activity during the day and 31% of Benchmark-sized issues, with the decline in the number of active secondary market issues, ATs activity appears to be in the proportion as the activity seen in the prior afternoon after the bonds were issued.

We cannot comment on whether the number of ATs trades, ATs trade size or the volume of ATs activity is appropriate, but the data appears to suggest that conditions exist where there are ATs set up to trade new issues. Perhaps for the trading platform that FINRA spoke to there is a different dynamic at work that is preventing them from meeting their customers' needs. We do not believe that FINRA should be concerned about "loss of business for trading platforms"⁴⁷ and picking trading conventions or winners and losers but, rather whether conditions exist for healthy competition. Our data does not indicate a market that has structural problems with secondary market trading in new issues. We respectfully submit that the Commission should require FINRA to show (and not just state) that there is a need for regulatory intervention. Our data does not show that there are issues in secondary market trading, electronic trading and, with such long lead times in most issues, that there is a settlement/clearance problem either. FINRA's data does not rebut this because FINRA provides no data at all.

d. Centralized data reporting to FINRA is unlikely to reduce costs or duplicated efforts.

FINRA claims that imposing a requirement to centralize data reporting could reduce duplicated efforts and thus costs.⁴⁸ As noted above, FINRA provided no data indicating the expected level of accuracy and completeness of the proposed service. FINRA also claims that centralized data reporting could reduce duplicated efforts. This is a dubious claim for two reasons.

First, market participants currently demand more reference data fields than FINRA is proposing to collect. As noted in the FIMSAC Recommendation, comprehensive reference data sets contain significantly more elements than the 26 fields proposed by FINRA. FIMSAC also notes that the

⁴⁷ *Id.* at 13980.

⁴⁸ *Id.* at 13981.

DTC requires over 70 data elements for DTC to mark the issue as “trade eligible.” Despite the Proposal, at least some market participants presumably will demand that data providers continue to gather this additional reference data from underwriters, issuers, prospectuses, and other sources. The Proposal will therefore not avoid any “duplicative” efforts, although it may fragment the market in two: those relying solely on the SRO-collected single-source data and those continuing to rely on private-sector providers.

Indeed, FINRA asserts that it *expects market participants to continue collecting the same bond reference data* that FINRA is proposing to collect. FINRA discounted the prospect that its centralized data source would create a single point of failure because FINRA assumes, without any evidence, that other data providers will likely continue to collect a range of bond reference data just like they do today in a competitive market. FINRA cannot have it both ways. Either the system is a single point of failure or there will be duplicative efforts that will impose additional costs.

Our expectation is that, in the short run, the “duplicative efforts” that are characteristic of beneficial competition will continue. As FINRA moves to expand into additional services, however, private investment will be chilled and the problem of a single point of failure will become increasingly broad and real.

e. The New Issue Information Dissemination Service operated by DTCC is materially different from the service proposed by FINRA

The data service contemplated by the Proposal is materially unlike the Municipal Securities Rulemaking Board’s New Issue Information Dissemination Service (“NIIDS”) in the reason for its creation, the process by which it was created, its scope, and its implementation.

FINRA states that it is modeling the Proposal on the Municipal Securities Rulemaking Board’s 2007 creation of New Issue Information Dissemination Service (NIIDS) which is now operated by the Depository Trust and Clearing Corporation (DTCC). Briefly examining the creation of NIIDS is quite instructive.

In 2005, the MSRB rulebook contained exceptions to the requirement that dealers report transactions in municipal securities within 15 minutes of trade execution.⁴⁹ The exceptions gave dealers extra time to report trades when they lacked access to necessary securities information, but the MSRB also noted that the exceptions were “temporary and meant to allow the industry time to improve systems for delivering necessary securities information to dealers in time to meet the 15-minute reporting deadline.”⁵⁰ As the sunset date for the exceptions approached, the

⁴⁹ See MSRB Notice 2005-60 (December 13, 2005), available at <http://www.msrb.org/Rules-and-Interpretations/Regulatory-Notices/2005/2005-60.aspx> (“MSRB Rule G-14 trade reporting procedures require that transactions effected with a time of trade during the hours of the Real-Time Transaction Reporting System (‘RTRS’) business day be reported within 15 minutes of the time of trade to an RTRS Portal. Under MSRB Rule G-14, there are three exceptions to this 15 minute reporting requirement.”).

⁵⁰ MSRB Notice 2007-10 (March 5, 2007), available at <http://www.msrb.org/Rules-and-Interpretations/Regulatory-Notices/2007/2007-10.aspx>.

MSRB recognized that some dealers were finding it difficult to ensure adequate real-time access to securities data for the 1.5 million outstanding municipal securities and were concerned about the upcoming expiration.⁵¹ In other words, because of this change, there was an indisputable market-wide recognition that the then extant process of disseminating reference data would be unable to function under these dramatically different new obligations. By stark contrast, there has been no data supporting the assertion that there is a market failure necessitating government intervention in the case of FINRA's Proposal.

Likewise, the process by which the proposals were arrived at could not be more different. The MSRB's proposal to amend its rulebook to require underwriters to utilize NIIDS was the culmination of two years of extensive collaboration between DTCC and, inter alia, "industry members, securities information vendors and other service providers in the municipal securities market."⁵² Scores of market participants and consultants publicly debated and vetted the MSRB proposal. The FINRA Proposal, by contrast, was a product of the Advisory Committee process, which by definition excludes the public from the critical deliberations of its subcommittees.

The scope of the data collected under the MSRB proposal also differs dramatically from that of the FINRA Proposal. The data fields collected under the MSRB's proposal were limited to the "key data elements required for the reporting, comparison, confirmation, and settlement of trades in municipal securities."⁵³ Those key data elements were established through an open process including municipal securities dealers, SIFMA members, the MSRB, DTC, and others who were interested. By contrast, the FINRA Proposal requires market participants to provide data that FINRA will not disseminate and data that has nothing to do with new issue corporate bonds, while FINRA weighs expanding the new issue service to include vast tracks of additional data.

The proposed implementation could not be more different. In the MSRB case, DTCC, a financial services corporation owned by its principal users, was chosen to operate NIIDS. By contrast, FINRA's choice of FINRA ensures the unhealthy mixing of commercial and regulatory roles. The assessment of fees is also entirely different, with the MSRB proposal noting: "DTC will not charge a service fee to underwriters that input or receive information through NIIDS. Additionally, DTC will not charge a service fee to information vendors that will receive information for further dissemination through NIIDS. DTC will charge a connectivity fee to underwriters, service providers, and information vendors that use NIIDS."⁵⁴ By contrast, all subscribers to the bond data reference portal will pay fees ranging from \$250 to \$6,000 per month—fees that lack the data necessary to ensure their legality.

⁵¹ See MSRB Notice 2005-60 (December 13, 2005), available at <http://www.msrb.org/Rules-and-Interpretations/Regulatory-Notices/2005/2005-60.aspx>.

⁵² MSRB Notice 2007-10 (March 5, 2007), available at <http://www.msrb.org/Rules-and-Interpretations/Regulatory-Notices/2007/2007-10.aspx>.

⁵³ Securities Exchange Act Release No. 57647 (April 10, 2008), 73 FR 20727, 20728 (April 16, 2008) (Notice of Filing of Amended Proposed Rule Change to Implement the New Issue Information Dissemination Service for Municipal Securities).

⁵⁴ Id.

VI. The Commission should carefully consider any expansion of SRO authority to displace or otherwise intervene in competitive markets

a. The Proposal contemplates further expansion of a government-mandated service

The Proposal expressly intends to establish a model that will expand to cover the provision of currently unspecified additional products and services over time. Based on the implementation of the Proposal, FINRA states it “would evaluate a potential expansion of the new issue reference data service to include other debt products.”⁵⁵ Although no details are provided regarding the need for or scope of any future expansion, this statement and the Proposal itself will further chill private investments in this space. The prospect of SROs deciding to enter functioning competitive markets through future rule changes should be discouraged.

The Proposal will greatly expand the scope of services FINRA currently provides in the market. Despite FIMSAC’s assertion that FINRA was best situated to carry out the FIMSAC Recommendation because it would be an “incremental addition” to FINRA’s current practices,⁵⁶ in response to questions at the October 2018 FIMSAC meeting, FINRA’s Senior Vice President of Transparency Services, Ola Persson, seemed to express the belief that this was closer to a major build than an “incremental addition.” That is, Mr. Persson noted at the meeting that FINRA would need to develop significant new technology to provide this service: technology that would allow underwriters to edit and update content.⁵⁷ Mr. Persson also conceded that FINRA would need to develop new distribution channels to disseminate the data to the public.⁵⁸ It is unclear whether the Proposal’s suggested pricing contemplates such investments. If the creation of this service was not an “incremental addition,” it is likewise unclear why other paths to achieving this goal were not explored, including establishing a regulatory floor and having data providers compete within that framework.

⁵⁵ Securities Exchange Act Release No. 85488 (April 2, 2019), 84 FR 13977, 13979 (April 8, 2019) (Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service).

⁵⁶ *Id.* at 13978.

⁵⁷ See Remarks of Ola Persson, Transcript of Meeting of the Fixed Income Market Structure Advisory Committee (October 29, 2018), available at <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-102918transcript.txt> (“Speaking for FINRA, not the effort on behalf of the underwriters, but speaking for FINRA, we would have some work to do. The technology today does not lend itself very well to this. We would need to create the ability for underwriters to come in, give us partial information and have the ability to edit their own records, et cetera. Today, that is a -- as I said, it is a bit of a one-way street. It is set up on TRACE and anything that changes from there, we either source from a vendor or the underwriter calls us up to correct it. So, we would need to do that.”).

⁵⁸ *Id.* (“We would also need to create a separate distribution channel for this. And the reason being, today, since the only thing that really matters is that the security gets on TRACE, we actually do have contracts with vendors that allows us to take certain records or certain elements of records and incorporate those into the database and distribute that. That also explains where we can only today grant very limited usage rights to the data we distribute. So, this would have to be a service that would be a service that would be entirely sourced from underwriters we know common link vendor data, and then we would have to build that obviously, the amounts of fields.”).

As the FIMSAC noted in its recommendation, following the initial implementation of the new issue service, the FIMSAC believes that consideration should be given to whether the service should be extended to seasoned issues, which would require back-reporting for thousands of bonds.⁵⁹ Needless to say, the FIMSAC notes that this would be costly.

The FIMSAC also recommended that FINRA consider expanding the new issue service to include information about corporate actions, such as bond default, partial redemption, tender offer, exchange offer and consent solicitation; the FIMSAC also notes that this ongoing compliance would logically fall on the issuer, which would represent a significant departure from the proposed model for the new issue service.⁶⁰

As noted in the previous section, numerous data providers already provide these services to the industry. Expanding FINRA's coercive regulatory power to embrace additional private-sector services would distort the marketplace for innovation, expansion, and competition in the capital markets.

b. The Proposal further expands and entrenches other monopoly providers

FINRA would not be the only monopoly beneficiary of this Proposal. The Proposal would also result in the further entrenchment of the monopoly enjoyed by the administrators of CUSIP and ISIN. Underwriters are already required to obtain a CUSIP in most instances. By requiring underwriters to report ISINs along with CUSIPs, the Proposal will further extend the CUSIP mandate and embed ISIN in the FINRA rulebook.

In addition to the costs to underwriters, end users of CUSIPs and ISINs must pay licensing fees. FINRA does not even address these additional costs that would be imposed on market participants.

As a sidebar, we note that FINRA mentions that there was one data field that FIMSAC had recommended to FINRA but FINRA did not include in its Proposal: the "Calculation Types (CALT)" field. The CALT field, whose name and description were copied word for word from Bloomberg's bond reference data product, was not included in FINRA's Proposal because, as the Proposal notes, it "leverages calculation methodology that is specific to one data vendor's protocols and may not be readily available to all underwriters that would be required to report information to FINRA under Rule 6760, or to consumers of the data."⁶¹ Beyond the CALT field, it is also important to note that most of the other data fields in FIMSAC's recommendation appear to be copied from Bloomberg. How is it that, on the one hand, FINRA is advancing the

⁵⁹ The Technology and Electronic Trading Subcommittee of the FIMSAC, "Preliminary Recommendation for the SEC to Establish a New Issue Reference Data Service for Corporate Bonds" at 3, [available at https://www.sec.gov/spotlight/fixed-income-advisory-committee/technology-and-electronic-trading-subcommittee-preliminary-recommendation.pdf](https://www.sec.gov/spotlight/fixed-income-advisory-committee/technology-and-electronic-trading-subcommittee-preliminary-recommendation.pdf).

⁶⁰ *Id.* at 3-4.

⁶¹ Securities Exchange Act Release No. 85488 (April 2, 2019), 84 FR 13977, 13978 note 8 (April 8, 2019) (Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service).

notion that reference data is inconsistent and there are no established standards, while simultaneously essentially copying one vendor's product offering?

Regardless, while we wholeheartedly support FINRA's determination not to include this one field in the Proposal, it is curious and somewhat surprising that FINRA did not apply the same logic in requiring underwriters to obtain and report CUSIPs and ISINs. The Proposal notes the "CUSIP Global Services" ("CGS") information would not be disseminated to subscribers that do not have a valid license regarding use of CGS data."⁶²

There are free, open-source alternative security identifiers.⁶³ In fact, FINRA leverages at least one in connection with the current dissemination of TRACE data. Given the global efforts to promote the use of open standard identifiers for financial transactions and products, and the existence of a free, open-source alternative to CUSIP and ISIN, we recommend that FINRA consider allowing the use of these alternatives in addition to or in the place of CUSIP and ISIN.

c. A critical analysis is necessary

The Trump Administration has expressly advocated for rigorous economic analysis when proposed rules are developed at the SRO level.⁶⁴ Specifically, the Treasury Department recommended that the agencies take steps, as part of their oversight responsibilities, to ensure that SRO rulemakings take into account, where appropriate, economic analysis when proposed rules are developed at the SRO level.

⁶² Securities Exchange Act Release No. 85488 (April 2, 2019), 84 FR 13977, 13978 note 8 (April 8, 2019) (Notice of Filing of a Proposed Rule Change to Establish a Corporate Bond New Issue Reference Data Service).

⁶³ The Financial Instrument Global Identifier ("FIGI") is an example of an open-standard identifier framework that can be used as an alternative to CUSIP for the identification of fixed income securities. FIGI was developed by Bloomberg to establish an identifier and symbology. In 2014, Bloomberg assigned the rights and interests in FIGI to the Object Management Group ("OMG") who now administers FIGI as an open data standard. Bloomberg has been chosen by the OMG to be the Registration Authority for FIGI identifiers. FIGI is the only existing standard identification symbology currently in production that, per the requirements set out by the OMG, is fee-free and license-free.

⁶⁴ United States Department of the Treasury, "A Financial System That Creates Economic Opportunities: Capital Markets" at 181-182, available at <https://www.treasury.gov/press-center/press-releases/Documents/A-Financial-System-Capital-Markets-FINAL-FINAL.pdf> ("Treasury reaffirms the recommendations for enhanced use of regulatory cost-benefit analysis discussed in the Banking Report for the SEC and the CFTC. Treasury supports efforts by the CFTC and SEC to improve their economic analysis processes. Treasury recommends that the CFTC and SEC, when conducting rulemakings, be guided by the Core Principles for financial regulation laid out in Executive Order 13772 as well as the principles set forth in Executive Orders 12866 and 13563, and that they update any existing guidance as appropriate. Treasury further recommends that the agencies take steps, as part of their oversight responsibilities, so that SRO rulemakings take into account, where appropriate, economic analysis when proposed rules are developed at the SRO level. Finally, Treasury recommends that the CFTC and SROs issue public guidance explaining the factors they consider when conducting economic analysis in the rulemaking process.").

Under Chairman Clayton’s leadership, this Commission has emphasized the important role of data and analytics. This is expressed in the goals of the Commission⁶⁵ and testimony⁶⁶ from Chairman Clayton. The Commission astutely observes that data provides objectivity and enables market participants, investors and regulators to rely on facts rather than bias, conflicts of interest, innuendo and supposition to drive and support rulemaking.

Unfortunately, FINRA relies heavily on its own opinions and anonymous anecdotes to support this rulemaking. A more comprehensive consideration of the evidence and data may tell a different story. Currently, multiple vendors compete to provide bond reference data and related services. The Proposal provides no evidence to suggest that the designation of FINRA—by FINRA—as a single government-backed provider will offer more benefits and fewer risks to the market than those provided by competition.

VII. Closing

Before establishing a government-mandated, regulator-operated monopoly service that will potentially displace and reduce private sector competition, the Commission should ensure that it satisfies FIMSAC’s goal of facilitating electronic trading better than existing private-sector reporting. The Proposal as currently formulated fails to supply the Commission with the justifications and data necessary to approve this government-backed expansion into the market.

⁶⁵ See generally U.S. Securities and Exchange Commission, “Our Goals” at Goal 3, available at <https://www.sec.gov/our-goals>.

⁶⁶ See, e.g., Chairman Jay Clayton, “Testimony on ‘Oversight of the U.S. Securities and Exchange Commission’ Before the United States Senate Committee on Banking, Housing, and Urban Affairs, available at <https://www.sec.gov/news/testimony/testimony-clayton-2017-09-26> (“I believe that a thoughtful and methodical, data driven approach to market structure will help us fulfill our mission to protect investors, maintain fair, orderly and efficient markets and facilitate capital formation”); U.S. Securities and Exchange Commission, Press Release: SEC Proposes Transaction Fee Pilot for NMS Stocks, available at <https://www.sec.gov/news/press-release/2018-43> (explaining that a rule proposal is “designed to generate data that will provide the Commission, market participants, and the public with information to facilitate an informed, data-driven discussion.”).

* * * * *

We appreciate the opportunity to provide our comments on the Proposal, and would be pleased to discuss any questions that the Commission may have with respect to this letter.

Very truly yours,

A handwritten signature in black ink that reads "Greg Babyak". The signature is written in a cursive, slightly slanted style.

By: Greg Babyak
Global Head of Regulatory Affairs, Bloomberg L.P.