

February 15, 2024

Sherry R. Haywood
Assistant Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

**Re: Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 6730
(Transaction Reporting) to Reduce the 15-Minute TRACE Reporting Timeframe to
One Minute, File No. SR-FINRA-2024-004**

Dear Ms. Haywood,

Dimensional Fund Advisors LP (“Dimensional”) appreciates the opportunity to comment on the proposed rule change filed by the Financial Industry Regulatory Authority (“FINRA”) to shorten the trade reporting timeframe (the “Proposed Rule Change”).¹ Dimensional is a registered investment adviser, and together with its advisory affiliates, has approximately \$677 billion in global assets under management.² We support requiring all TRACE-Eligible Securities³ that are currently subject to a 15-minute reporting timeframe to be reported within one minute, and we strongly encourage FINRA to take steps to phase out its proposed exceptions to the one-minute requirement.

As we wrote in our letter⁴ to FINRA in response to Regulatory Notice 22-17 (the “Notice”)⁵, shortening the time between trade execution and price dissemination will enhance transparency and reduce information asymmetries in the fixed income market. At Dimensional, we strongly believe that transparency fosters a fair and efficient market and that market quality is improved when public information is disseminated evenly to all market participants. As FINRA recognizes, reducing the reporting timeframe will also enable market participants to obtain, evaluate, and act on price and other market information more quickly, and investors will benefit from fairer pricing and better executions from their dealers.⁶ For these reasons, we believe that more timely reporting will greatly benefit investors.

However, the Proposed Rule Change also includes two exceptions from the one-minute reporting requirement that were not discussed in the Notice. The first proposed exception would

¹ US Securities and Exchange Commission, *Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 6730 (Transaction Reporting) to Reduce the 15-Minute TRACE Reporting Timeframe to One Minute*, Release No. 34-99404 (Jan. 19, 2024), available at <https://www.sec.gov/files/rules/sro/finra/2024/34-99404.pdf>.

² As of December 31, 2023.

³ As defined in FINRA Rule 6710.

⁴ Letter to Jennifer Piorko Mitchell from Gerard O’Reilly and David A. Plecha dated September 26, 2022, available at https://www.finra.org/sites/default/files/NoticeComment/Dimensional%20Fund%20Advisors%20LP_Gerard%20OReilly%20%26%20David%20A.%20Plecha_9.26.2022_22-17.pdf.

⁵ FINRA, *FINRA Regulatory Notice 22-17* (August 2, 2022), available at <https://www.finra.org/rules-guidance/notices/22-17>.

⁶ *Id.* at 12-13.

be for member firms with “limited trading activity,” defined as a member that, during one of the prior two calendar years, reported fewer than 4,000 transactions in TRACE-Eligible Securities. Members that qualify for the exception would continue to be required to report within 15 minutes of the time of execution. The second proposed exception would be for manual trades that are not electronic from end to end. If a trade qualifies for the manual trades exception, a 15-minute outer limit would apply for the first year following implementation; a 10-minute outer limit would apply for the second year; and a five-minute outer limit would apply thereafter.

We strongly encourage FINRA to take steps to phase out both of the proposed exceptions completely, so that over time, all transactions currently subject to the 15-minute reporting timeframe will be reported within one minute. FINRA could phase out the exception for members with “limited trading activity” by lowering the transaction threshold each year, which would give members both the time and incentive to modernize their systems so that they can report more quickly. Fully phasing out the manual trades exception would incentivize members to eliminate manual aspects in their trading processes.

As we have learned from TRACE over the last 20 years, transparency fosters a fair and efficient market, and we believe this transparency has helped fuel capital growth and increase investor confidence in the bond market. We support FINRA’s proposal to enhance market transparency by reducing the reporting timeframe, and we encourage FINRA to continue to take further steps toward full transparency. If we can be of further assistance, please do not hesitate to contact Stephanie Hui, Lead Counsel, Public Policy and Vice President. We would welcome the opportunity to expand on our discussion of these issues.

Sincerely,



Gerard O'Reilly
Co-Chief Executive Officer and Co-Chief Investment Officer



David A. Plecha
Global Head of Fixed Income