



May 17, 2024

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

Via Email to: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

**Re: File Number SR-MSRB-2024-01; Release No. No. 34-100003; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change Consisting of Proposed Rule Change To Amend MSRB Rule G-14 To Shorten the Timeframe for Reporting Trades in Municipal Securities to the MSRB**

**File Number SR-FINRA-2024-04; Release No. 34-100006; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To Amend FINRA Rule 6730 (Transaction Reporting) To Reduce the 15-Minute TRACE Reporting Timeframe to One Minute.**

Dear Ms. Countryman,

FHN Financial Capital Markets (SEC# 086-00065) and FHN Financial Securities Corp. (SEC# 008-51393 CRD# 46346) (together, "FHN Financial")<sup>1</sup> appreciate the opportunity to comment on SR-MSRB-2024-01 (the "MSRB Proposal") filed with the SEC by the Municipal Securities Rulemaking Board (the "MSRB") and SR-FINRA-2024-04 (the "FINRA Proposal" and together with the MSRB Proposal, the "Proposals") filed with the SEC by the Financial Industry Regulatory Authority ("FINRA" and, together with the MSRB, the "SROs"), in light of the SEC instituting proceedings on the Proposals. Except where indicated, our comments apply to both Proposals.

In conjunction with our ongoing active involvement with the Securities Industry and Financial Markets Association ("SIFMA") and the Bond Dealers of America ("BDA"), FHN Financial normally reflects its views through the respective association's drafting and response process. However, given the significance of this matter, coupled with how strongly we believe a strict one-minute reporting requirement would be untenable, we have chosen to submit this separate comment letter in response to the Proposals and the SEC's proceedings.

The Proposals seek to shorten the respective deadlines under FINRA Rule 6730 and MSRB Rule G-14 for dealers to report applicable fixed income trades to FINRA's Trade Reporting and Compliance

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<sup>1</sup> FHN Financial Capital Markets is registered as a government securities and municipal securities dealer. FHN Financial Securities Corp. is a registered broker-dealer. Together, we are a fixed income firm serving institutional investors, corporations, and municipalities. We transact in the full spectrum of fixed income securities, including without limitation treasuries, agencies, corporates, municipals, mortgages, asset-backed securities, and commercial paper.

Engine (“TRACE”) and the MSRB’s Real-time Trade Reporting System (“RTRS”). Under current rules, dealers must report trades within 15 minutes from the time of execution.<sup>2</sup> Under the Proposals, most trades would be required to be reported within one minute, with important exceptions for dealers with limited trading activity and for trades with a manual component. For trades with a manual component, the reporting deadlines would be shortened over the course of a three-year “phase-in” period during which the deadline for reporting trades would be 15 minutes during the first year, 10 minutes during the second year, and five minutes during the third year and thereafter.

We echo and fully support SIFMA’s and the BDA’s comments submitted previously via separate letters dated February 15, 2024, as well as those submitted today in response to the SEC’s Orders Instituting Proceedings. In particular, we believe the current trade reporting framework already strikes an appropriate balance between transparency, the ability to reasonably comply, and market liquidity. The Proposals lack sufficient evidence and reasoning as to why shortening the reporting timeframe is necessary, much less achievable, across all fixed-income markets. However, should the Commission nevertheless decide to move certain products to a one-minute reporting timeframe, it is imperative that an appropriate exception exist for trades (e.g., voice trades and manual trades) where a shorter reporting deadline is unfeasible. By proposing a “phased” shortening of the reporting deadline for manual trades (i.e., 15/10/5 minutes for years 1/2/3 and beyond), the SROs themselves recognize that the need for a manual trade exception is essential.

In sum, we continue to question whether one-minute trade reporting is suitable across the board for all fixed income markets. A substantial number of fixed income transactions involve manual components and processing, and one-minute trade reporting in these situations is not feasible. Should the Proposals move forward, the manual trade exemption is vital for dealer compliance and continued market liquidity. Thank you for the opportunity to present our views and your consideration of same.

Respectfully submitted,



Mark D. Griffin

SVP & Risk Control Manager

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<sup>2</sup> FINRA Rule 6730(a)(1) generally requires reporting a transaction in a TRACE-Eligible Security “as soon as practicable, but not later than within 15 minutes of the Time of Execution.” MSRB Rule G-14 generally requires dealers to report their transactions to RTRS “within 15 minutes of Time of Trade.”