

August 8, 2025

Via Electronic Mail (rule-comments@sec.gov)

Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: FINRA and MSRB Rules to Shorten Timeframes for Reporting Fixed Income Transactions to TRACE, File Numbers SR-FINRA-2024-004;¹ SR-FINRA-2025-08;² SR-MSRB-2024-01;³ SR-MSRB-2025-01;⁴

¹ 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, SEC, Exch. Act Rel. No. 99404, Jan. 19, 2024, available at <https://www.sec.gov/files/rules/sro/finra/2024/34-99404.pdf> ("Initial FINRA Proposal"); Notice of Partial Amendment No. 1 to Proposed Rule Change to Amend FINRA Rule 6730 to Reduce the 15-Minute TRACE Reporting Timeframe to One Minute, SEC, Exch. Act Rel. No. 100594, Jul 25, 2024, available at <https://www.sec.gov/files/rules/sro/finra/2024/34-100594.pdf> ("Second FINRA Proposal"); Order Approving a Proposed Rule Change, as Modified by Partial Amendment No. 1, to Amend FINRA Rule 6730 (Transaction Reporting) to Reduce the 15-Minute TRACE Reporting Timeframe to One Minute, SEC, Exch. Act Rel. No. 101121, Sept. 20, 2024, available at <https://www.sec.gov/files/rules/sro/finra/2024/34-101121.pdf> ("FINRA Approval Order").

² Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 6730 (Transaction Reporting), SEC, Exch. Act Rel. No. 103270, June 16, 2025, available at <https://www.sec.gov/files/rules/sro/finra/2025/34-103270.pdf> ("FINRA Reversal Proposal"); Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change to Amend FINRA Rule 6730 (Transaction Reporting), SEC, Exch. Act Rel. No. 103515, July 22, 2025, available at <https://www.sec.gov/files/rules/sro/finra/2025/34-103515.pdf> ("FINRA Reversal Delay Order").

³ Notice of Filing of a Proposed Rule Change to Amend MSRB Rule G-14 to Shorten the Timeframe for Reporting Trades in Municipal Securities to the MSRB, SEC, Exch. Act Rel. No. 99402, Jan. 19, 2024, available at <https://www.sec.gov/files/rules/sro/msrb/2024/34-99402.pdf> ("Initial MSRB Proposal"); Notice of Filing of Amendment No. 1 to Proposed Rule Change Consisting of Amendments to MSRB Rule G-14 to Shorten the Timeframe for Reporting Trades in Municipal Securities to the MSRB, SEC, Exch. Act Rel. No. 100589, July 25, 2024, available at <https://www.sec.gov/files/rules/sro/msrb/2024/34-100589.pdf> ("Second MSRB Proposal"); Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Amend MSRB Rule G-14 to Shorten the Timeframe for Reporting Trades in Municipal Securities to the MSRB, SEC, Exch. Act Rel. No. 101118, Sept. 20, 2024, available at <https://www.sec.gov/files/rules/sro/msrb/2024/34-101118.pdf> ("MSRB Approval Order").

⁴ Notice of Filing of a Proposed Rule Change to Amend Rule G-14 RTRS Procedures under MSRB Rule G14 Regarding the Timing of Reporting Transactions in Municipal Securities to the MSRB and to Make a Related Amendment to Rule G-12, SEC, Exch. Act Rel. No. 103262, June 16, 2025, available at <https://www.sec.gov/files/rules/sro/msrb/2025/34-103262.pdf> ("MSRB Reversal Proposal"); Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change to Amend Rule G-14 RTRS Procedures under MSRB Rule G-14 Regarding the Timing of Reporting Transactions in Municipal Securities to the MSRB and to Make a Related Amendment to Rule G-12, SEC, Exch. Act Rel. No. 103516, July 22, 2025, available at <https://www.sec.gov/files/rules/sro/msrb/2025/34-103516.pdf> ("MSRB Delay Order").



Dear Ms. Countryman:

The Healthy Markets Association⁵ writes to object to the proposals by FINRA and Municipal Securities Regulatory Board to reverse their recently approved rules to shorten the time period for reporting fixed income trades.

The current administrative record does not support backtracking on the timeliness of trade reporting. FINRA and MSRB must provide new data and analysis, or otherwise factually and analytically support their sharp policy reversals. They haven't met that burden.

Accordingly, the Commission should disapprove the FINRA Reversal Proposal and the MSRB Reversal Proposal. That said, the record supports and we would welcome modifications to the rules' "manual trade" exceptions. Accordingly, we urge the Commission to work with FINRA and MSRB to stay the implementation of the already approved rules and revise them without delay.

Background:

TRACE is a critical tool that serves two distinct purposes: an audit trail for regulators and a trade dissemination mechanism used to assist in real-time pricing for market participants.

In general, regulators need a broad spectrum of data fields so that they may have a clear picture of who did what when. However, because regulators generally don't intervene in markets in real time or conduct enforcement investigations on an instantaneous basis, this information can generally be modestly delayed – such as on an end-of-day basis.

For market participants, by contrast, the number of decision-useful data fields is likely far more limited, but the need for timeliness of the information is much greater. After all, market participants rely on dissemination of TRACE data to make informed trading and risk mitigation decisions on a real-time basis. The closer to real time dissemination, the better.

Sadly, while the scope of what trades must be reported to TRACE has expanded over the years since it was first established in 2002, the time period during which trades must be reported generally has not.

⁵ The Healthy Markets Association is a not-for-profit member organization focused on improving the transparency, efficiency, and fairness of the capital markets. Healthy Markets promotes these goals through education and advocacy to reduce conflicts of interest, improve timely access to market information, modernize the regulation of trading venues and funding markets, and promote robust public markets. Its members include public pension funds, investment advisers, broker-dealers, exchanges, and data firms. To learn about HMA or our members, please see our website at <http://healthymarkets.org>.



In today's markets, 15 minutes is an eternity. As we wrote last year,

Dramatically shortening reporting delays is also particularly important when other financial products that are explicitly linked to these products are traded, and subject to different reporting and information dissemination requirements. With so many fixed income exchange traded products outstanding, we are concerned about significant information asymmetries and potential trading manipulation and abuse opportunities arising from wildly disparate reporting periods for linked financial products.

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FINRA, MSRB, and the Commission each independently recognized the need to improve timeliness of trade reporting just last year.

Procedural History

After years of complaints from market participants, in 2022, FINRA proposed shortening the time brokers have to report most fixed income trades to TRACE from 15 minutes to 1 minute.⁷ FINRA offered significant data about the current reporting requirements. For example, FINRA found that “81.9 percent of trades in the TRACE-Eligible Securities that are currently subject to the 15-minute outer limit reporting timeframe were reported within one minute of execution.”⁸

FINRA further explained that

In light of the technological advances in the intervening 18 years since FINRA first adopted the 15-minute reporting requirement, including the increase in electronic trading, and the potential transparency benefits of more timely trade reporting, FINRA is seeking comment on whether it is appropriate at this time to reduce the trade reporting timeframe for these securities to one minute.⁹

⁶ HMA February 2024 Letter.

⁷ *FINRA Requests Comment on a Proposal to Shorten the Trade Reporting Timeframe for Transactions in Certain TRACE-Eligible Securities From 15 Minutes to One Minute*, FINRA, Reg. Notice 22-17, Aug. 2, 2022, available at <https://www.finra.org/rules-guidance/notices/22-17>.

⁸ *FINRA Requests Comment on a Proposal to Shorten the Trade Reporting Timeframe for Transactions in Certain TRACE-Eligible Securities From 15 Minutes to One Minute*, FINRA, Reg. Notice 22-17, at 3, available at <https://www.finra.org/rules-guidance/notices/22-17#comments> (“FINRA 2022 Request for Comment”).

⁹ *FINRA Requests Comment on a Proposal to Shorten the Trade Reporting Timeframe for Transactions in Certain TRACE-Eligible Securities From 15 Minutes to One Minute*, FINRA, Reg. Notice 22-17, at 3, available at <https://www.finra.org/rules-guidance/notices/22-17#comments> (“FINRA 2022 Request for Comment”).



FINRA received robust comments to that 2022 release,¹⁰ including support for shortening the reporting timeframe from HMA.¹¹

In early 2024, FINRA and the MSRB proposed to shorten the general reporting timeframe for much of the fixed income world from 15 minutes to 1 minute.¹² HMA¹³ and others that had responded to the FINRA 2022 Request for Comment continued to offer comments.¹⁴

Before the Commission acted on those initial proposals, FINRA and the MSRB amended their proposals.¹⁵ HMA and other market participants continued to offer comments.¹⁶

The Commission analyzed the rules and comments, and approved the amended proposals in September 2024.¹⁷

However, days after President Trump was sworn into office, FINRA President and CEO Robert Cook announced that FINRA would “not set an effective date for these Amendments” and instead, work “expeditiously” to file amendments to substantially change the already-approved rule.¹⁸ Cook explained that:

following SEC approval of the Amendments, FINRA has continued to hear questions and concerns about implementing shorter reporting requirements in the manner contemplated under the Amendments and the potential for unintended consequences for the markets. Some of these questions and concerns were considered during the rulemaking process,

¹⁰ FINRA 2022 Request for Comment.

¹¹ Letter from Tyler Gellasch, HMA, to Jennifer Mitchell, FINRA, Aug. 29, 2022, available at https://www.finra.org/sites/default/files/NoticeComment/Healthy%20Markets%20Association%20%28HMA%29_Tyler%20Gellasch_8.29.2022_22-17.pdf.

¹² FINRA Initial Proposal and MSRB Initial Proposal.

¹³ Letter from Tyler Gellasch, HMA, to Vanessa Countryman, SEC, Feb. 15, 2024, available at <https://www.sec.gov/comments/sr-finra-2024-004/srfinra2024004-430019-1065642.pdf>.

¹⁴ Compare, Comment file to FINRA Reg. Notice 22-17, FINRA, available at <https://www.finra.org/rules-guidance/notices/22-17#comments> with Comment File for SR-FINRA-2024-004, SEC, available at <https://www.sec.gov/comments/sr-finra-2024-004/srfinra2024004.htm>.

¹⁵ Second FINRA Proposal and Second MSRB Proposal.

¹⁶ Letter from Tyler Gellasch, HMA, to Vanessa Countryman, SEC, Sept. 15, 2024, available at <https://www.sec.gov/comments/sr-finra-2024-004/srfinra2024004-520735-1495182.pdf> (“September 2024 HMA Letter”).

¹⁷ FINRA Approval Order and MSRB Approval Order.

¹⁸ Robert Cook, *Updating Trade Reporting Timeframes*, FINRA, Feb. 5, 2025, available at <https://www.finra.org/media-center/blog/updating-trade-reporting-timeframes> (“FINRA Reversal Announcement”).

while others raise new issues or shed new light on issues that were previously raised.¹⁹

In June, MSRB and FINRA formally filed to reverse their rules, which had been approved by the Commission less than nine months earlier.²⁰ To date, seven comments have been filed with the SEC regarding the FINRA Reversal Proposal – all but one of which was submitted by commenters from the 2024 rulemakings.²¹

The Commission's current deadline to take action on the reversal proposals is September 18, 2025.

Legal Standards for Approval

The Commission shall approve FINRA's rules only if it finds that such rules are consistent with the Exchange Act,²² including that the rules:

- “are designed to prevent fraudulent and manipulative acts and practices;”²³
- “are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers;”²⁴
- provide for the “equitable allocation of reasonable dues, fees, and other charges;”²⁵
- “not impose any burden on competition not necessary or appropriate in furtherance of the purposes of this chapter”;²⁶ and
- are designed to protect investors and the public interest.

As the Commission has previously acknowledged:

Rule 700(b)(3) of the Commission's Rules of Practice states that the “burden to demonstrate that a proposed rule change is consistent with the [Exchange Act] and the rules and regulations issued thereunder . . . is on

¹⁹ FINRA Reversal Announcement.

²⁰ FINRA Reversal Proposal.

²¹ Compare, Comment File for SR-FINRA-2024-004, SEC, available at <https://www.sec.gov/comments/sr-finra-2024-004/srfinra2024004.htm> with Comment Filed for SR-FINRA-2025-08, SEC, available at <https://www.sec.gov/comments/sr-finra-2024-004/srfinra2024004.htm>.

²² 15 U.S.C. § 78s(b)(2)(C); *see also*, *Susquehanna Int'l Group LLP, et al, v. SEC*, 866 F.3d 442, 445 (D.C. Cir. 2017)(vacating a Commission approval of a SRO filing for failure by the Commission to make such a finding).

²³ 15 U.S.C. § 78o-3(b)(6).

²⁴ 15 U.S.C. § 78o-3(b)(6).

²⁵ 15 U.S.C. § 78o-3(b)(5).

²⁶ 15 U.S.C. § 78o-3(b)(9).

the self-regulatory organization that proposed the rule change” and that a “mere assertion that the proposed rule change is consistent with those requirements . . . is not sufficient.” Rule 700(b)(3) also states that “the description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements must all be sufficiently detailed and specific to support an affirmative Commission finding.” Any failure of an SRO to provide this information may result in the Commission not having a sufficient basis to make an affirmative finding that a proposed rule change is consistent with the Exchange Act and the applicable rules and regulations. *Moreover, “unquestioning reliance” on an SRO’s representations in a proposed rule change is not sufficient to justify Commission approval of a proposed rule change.*²⁷

Notably, in 2017, the Court of Appeals for the District of Columbia Circuit invalidated a Commission order approving another SRO’s rule change, explaining “the agency must examine the relevant data and articulate a satisfactory explanation for its action including a ‘rational connection between the facts found and the choice made.’”²⁸ That Court further ruled that the Commission must, when approving an SRO rule, “find” or “determine” that the rule meets the requirements of the Exchange Act.²⁹

Analysis

Not so long ago, FINRA and MSRB made a compelling case for shortening the timeframe for reporting from 15 minutes to 1 minute. The Commission rightly agreed with them. And we did, too. Now, FINRA and MSRB – on the same set of facts and analysis relied upon to adopt those rules less than a year ago – are looking to abandon the not-yet-implemented transparency.

In justifying the FINRA Second Proposal, FINRA explained that shortening the timeframe marked an “important step in modernizing the trade reporting timeframes for TRACE-eligible securities to facilitate more timely transaction data, enhancing transparency and the value of disseminated transaction data by allowing investors and other market participants to obtain and evaluate more timely pricing information for the impacted securities.”³⁰

The Commission agreed. Noting that as much as \$20 trillion dollars in fixed income trades could be reported more quickly, the Commission itself found that “more timely

²⁷ *Order Disapproving Proposed Rule Change To Introduce a Liquidity Provider Protection Delay Mechanism on EDGA*, SEC, Exch. Act Rel. No. 34–88261, Feb. 21, 2020, available at <https://www.sec.gov/files/rules/sro/cboeedga/2020/34-88261.pdf> (emphasis added) (citing 17 C.F.R. § 201.700(b)(3)).

²⁸ *Susquehanna*, at 445 (internal citations omitted).

²⁹ *Id.*, at 446.

³⁰ See, FINRA Approval Order, at 17.

reporting promotes fairness and efficiency of the U.S. capital markets” and that shortening the timeframe to one minute “will promote fair and orderly markets and protect investors and the public interest by increasing market transparency and providing the market with more timely pricing information, which may improve price efficiency.”³¹

The record before the Commission now is not materially different from what was presented when the rules were adopted. In fact, all of the arguments presented by commenters recently were presented during the preceding years-long rulemaking process.³² And neither FINRA nor the MSRB offered new facts or material analysis in their respective Reversal Proposals.

When FINRA President and CEO Robert Cook announced in February that FINRA would not seek to implement the rule, but change it, he acknowledged that the basis for the reversal was “FINRA has continued to hear questions and concerns about implementing shorter reporting requirements in the manner contemplated under the Amendments and the potential for unintended consequences for the markets.”³³ He further acknowledged that “[s]ome of these questions and concerns were considered during the rulemaking process, while others raise new issues or shed new light on issues that were previously raised.”³⁴

What are those questions and concerns, if not the ones raised by commenters (including HMA) prior to the rules’ adoption? We see little evidence of new complaints in the administrative record before the Commission now.

To be clear, we believe that the previously adopted rules to shorten the timeframes are imperfect, and should be modified to narrow the “manual trade” exceptions. We believe that those concerns were unwisely brushed aside by FINRA, MSRB, and the Commission in 2024. As we wrote last year, “Sadly, the Revised Proposal’s broad “manual” trade exception not only eviscerates any potentially added value from the “electronic” provisions, but also dramatically encourages the return to “manual” trading by those seeking to avoid transparency.”³⁵ We continued:

Under the guise of improving market transparency, the Revised Proposal would exacerbate, rather than reduce, information asymmetries within the markets, and lead to potential abuses. The Revised Proposal would create

³¹ FINRA Approval Order, at 18.

³² Even commenters acknowledged having made their substantive comments prior to the rules being finalized last year. See, e.g., Letter from Michael Decker, Bond Dealers of America, to Secretary, SEC, July 11, 2025, available at <https://www.sec.gov/comments/sr-finra-2025-008/srfinra2025008-624527-1839794.pdf> (“as we have outlined in several letters to the Commission and the SROs on this issue.”).

³³ FINRA Reversal Announcement.

³⁴ FINRA Reversal Announcement.

³⁵ September 2024 HMA Letter.



a significant new opportunity for those seeking to avoid transparency to simply “opt in” for manual executions and “opt out” of timely reporting – impacting not only themselves, but countless other firms in the marketplace.

The massive disparity in timeliness of reporting between the two execution methods not only creates a significant risk of losing the benefits of transparency, but also creates new opportunities to manipulate markets. Parties may essentially choose to disclose some trading electronically so as to advantage trading that isn’t subject to timely reporting, essentially engaging in strategies that may resemble spoofing. Investors should not be subjected to different risks based on the methods of execution chosen by their competitors or others.³⁶

The current administrative record supports revising that exception. However, that is not what the Commission is being asked to do. Rather, the Commission is being asked to essentially reverse all of the rules, including reversing back from a 1 minute reporting timeframe to 15 minutes. That isn’t supported by the administrative record.

Conclusion

We urge you to disapprove the FINRA Reversal Proposal and MSRB Reversal Proposal. At the same time, we encourage you to work with those regulators and market participants to delay the implementation of their already adopted rules and develop amendments to the “manual trade” exception. If you have any questions, please contact me at (202) 909-6138 or ty@healthymarkets.org. Thank you for your consideration.

Sincerely,

President and CEO
Healthy Markets Association

³⁶ September HMA 2024 Letter (internal citation omitted).