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09/28/2022

To whom it may concern,

Thank you for extending the offer for stakeholders to contribute comment to MSRB RN 2022-07. TRADEliance is a consulting firm with a mission to support firms in the capital markets. Our expertise and background is largely in the Compliance, Operations and Trading space, so we have an immense appreciation for the MSRB's goals as it pertains to this proposal.

When the industry initially moved to 15-minute trade reporting, firms faced several challenges to support conformance. Some of those challenges were identified in the MSRB's request for comment. However, we think there was, and still is, a certain level of ambiguity that the MSRB would be well served to address for industry participants through this exercise.

The request for comment indicates that all transactions, absent of an exception, would be required to be reported as soon as practicable, but no later than one minute from the time of trade. Time of trade is defined as "the time at which a contract is formed for a sale or purchase of municipal securities at a set quantity and a set price." While this definition is technically clear, in practice it presents challenges, particularly for dealer transactions. The request for comment only addresses the requirement for firms to report their trades within one minutes of the time of execution established by that firm. The process of confirming the time of execution varies from firm to firm, and thus, could create inconsistency in the time of execution outside of a one-minute window.

The MSRB's current framework indirectly recognizes this inconsistency. Dealer trades are not considerable questionable unless the time of trade differs by more than 15 minutes from their counterparty. The request only opines on the change to the 15 minute reporting window, while being silent on the concept of the 15 minute time of trade difference. Furthermore, it does not address on any impact to the RTRS error code Q22F: Seller and buyer times of trade differ by more than 15 minutes. If the intention is to align the 15-minute time of trade difference to the one-minute requirement, it would create considerable difficulty for firms to comply.

TRADEliance appreciates the research conducted by both the MSRB and the FINRA identifying the support and perceived need to align on a one minute reporting time frame for nearly all fixed

income securities. Generally speaking, a consistent framework across all fixed income securities would be preferable. However, according to the MSRB's request for comment, nearly 77% of trades were reported within one minute in 2021. Conversely, nearly 82% of TRACE eligible securities were reported within one minute in 2021 according to the FINRA request for comment.

The analysis of those reported securities was thorough; however, the MSRB analysis did not appear to truly examine the transactions that were reported outside of the various thresholds. The data did not appear to analyze dealer and customer trade reports separately, for which there would be considerable differences. Contributing factors to transactions being reported outside of one minute from time of trade could include manual orders, lack of straight through processing, security master cusip setups, and trade corrections which would not be considered a modification to the trade report. These reasons may not be easy or cost effective to fix, especially for smaller, introducing brokerage firms. The MSRB should further review these scenarios before proceeding with a rule change.

Lastly, the MSRB should re-evaluate the potential benefits of this rule change. The proposal states that the goal for this change is to enhance transparency. While that is a fair goal to have, it's unlikely that individual retail customers a) have the insight to check EMMA for price discovery, and b) that they are individually and personally frustrated at having to wait 15 minutes to see their prints displayed. The impact to firms in terms of time, cost and resources, but also in the increased chance of enforcement is an outweighed negative for firms to a very minor positive change for retail clients.

The request for comment clearly demonstrates that a decrease from 15 minutes to five would be far easier to comply with for all security types and market participants than a decrease to one minute. If FINRA and the MSRB are determined to narrow the reporting window, it may be more palatable to consider a five minute threshold as opposed to one.

TRADEliance appreciates that both the MSRB and FINRA are looking to decrease this reporting window based on the perceived enhancements in transparency. However, the MSRB should consider that the very nature of the fixed income markets works in contravention to this stated goal. The manual and decentralized nature of fixed income trading will make a one minute reporting threshold extraordinarily difficult to obtain with the same compliance rates as firms are achieving in the current structure.

We sincerely appreciate the time and consideration of our comments and would be happy to engage further.

Thank you,

Jesy LeBlanc and Kat Miller, TRADEliance, LLC.