

**Via Electronic Mail:** rule-comments@sec.gov

Vanessa A. Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, D.C. 20549-1090

**Re: Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change Relating to Dissemination of Information on Individual Transactions in U.S. Treasury Securities and Related Fees; File No. SR-FINRA-2023-015**

Dear Mr. Kirkpatrick:

MFA<sup>1</sup> appreciates the opportunity to provide comments to the Securities and Exchange Commission (“**SEC**” or “**Commission**”) on the above-captioned proposed rule change filed by the Financial Industry Regulatory Authority, Inc. (“**FINRA**”) to amend rules relating to the dissemination of information on individual transactions in U.S. Treasury Securities and related fees (the “**Proposal**”).<sup>2</sup> The Proposal is limited to the dissemination of on-the-run nominal coupon securities that are reported to FINRA’s Trade Reporting and Compliance Engine (“**TRACE**”), on an end-of-day basis, with specified caps for large trades.<sup>3</sup> We recommend the Commission approve the proposal as a starting point, as described below.

MFA members represent some of the largest customers in the U.S. Treasury markets, which serve a central role as investment and hedging instruments in the U.S. and global

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<sup>1</sup> Managed Funds Association (MFA), based in Washington, DC, New York, Brussels, and London, represents the global alternative asset management industry. MFA’s mission is to advance the ability of alternative asset managers to raise capital, invest, and generate returns for their beneficiaries. MFA advocates on behalf of its membership and convenes stakeholders to address global regulatory, operational, and business issues. MFA has more than 175 member fund managers, including traditional hedge funds, credit funds, and crossover funds, that collectively manage over \$3.2 trillion across a diverse group of investment strategies. Member firms help pension plans, university endowments, charitable foundations, and other institutional investors to diversify their investments, manage risk, and generate attractive returns over time.

<sup>2</sup> Self-Regulatory Organizations; FINRA, Inc.; Notice of Filing of a Proposed Rule Change Relating to Dissemination of Information on Individual Transactions in U.S. Treasury Securities and Related Fees, 88 Fed. Reg. 77388 (Nov. 9, 2023), available at <https://www.govinfo.gov/content/pkg/FR-2023-11-09/pdf/2023-24758.pdf>.

<sup>3</sup> The disseminated transaction information would be anonymized, that is, it would not include the market participant identifier (MPID) or other identifying information regarding the parties to the trade. However, consistent with other TRACE products, the disseminated transaction information would include counterparty type (*i.e.*, dealer, customer, affiliate, or ATS).

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economies. Our members value these markets and have an interest in ensuring the regulatory framework promotes efficient, fair, liquid, and resilient markets. To that end, we have supported—and continue to support—efforts to appropriately expand the public dissemination of information about transactions in the Treasury securities market, and we recently commented on the U.S. Treasury’s request for information on additional transparency for secondary market transactions of Treasury securities.<sup>4</sup> Properly calibrated transparency efforts can enhance liquidity, lower costs for investors, and encourage greater participation in, and foster more efficient, Treasury securities markets.

The Proposal is a reasonable starting point for increasing transparency in the U.S. Treasury markets. Accordingly, we recommend the Commission approve the proposal as a starting point. At the same time, we urge FINRA to pursue additional steps to increase transparency, consistent with our prior comments and as discussed in more detail below. We also would urge FINRA to provide additional information regarding the methodology it used to calibrate its proposed size dissemination caps for each maturity.<sup>5</sup> While the proposed caps generally appear reasonable,<sup>6</sup> we believe the public would benefit from a clear understanding regarding FINRA’s process and methodology for setting such caps. As part of its methodology, we would expect FINRA to have considered the percentage of total notional volume capped under its proposed framework and provide this data to the public.

While the Proposal represents an important first step to increase transparency in the Treasury markets, we encourage FINRA to engage in further rulemaking to reduce reporting timeframes and expand the scope of instruments that are publicly reported on a transaction-

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<sup>4</sup> See MFA Comment Letter Responding to Notice Seeking Public Comment on Additional Transparency for Secondary Market Transactions of Treasury Securities, Docket No. TREAS-DO-2022-00012 (Aug. 26, 2022), *available at* <https://www.managedfunds.org/wp-content/uploads/2022/09/MFA-Comment-Letter-Treasury-RFI-as-submitted-on-8.26.22.pdf>; and MFA Comment Letter Responding to Notice Seeking Public Comment on the Evolution of the Treasury Market Structure Docket No. TREAS-DO-2015-0013 (Apr. 22, 2016), *available at* <https://www.managedfunds.org/wp-content/uploads/2020/04/MFA-Treasury-RFI-Final.Appendix-4.22.16-1.pdf>.

<sup>5</sup> The Proposal provides that the proposed caps are designed to result in 0.09 percent of transactions being capped (*see id.* at 77395) but does not otherwise provide information regarding the methodology used to determine the dissemination cap sizes.

<sup>6</sup> FINRA proposes to apply the following transaction size dissemination caps based on the maturity of the on-the-run nominal coupon at issuance:

- Two Years: \$250 million;
- Three Years: \$250 million;
- Five Years: \$250 million;
- Seven Years: \$150 million;
- Ten Years: \$150 million;
- Twenty Years: \$50 million; and
- Thirty Years: \$50 million.

Proposal at 77390.

by-transaction basis, including other categories of securities such as off-the-run nominal coupons. If appropriately calibrated, we generally support the public dissemination of real-time, anonymized, transaction-level information with respect to transactions in the most liquid Treasury securities markets, namely on-the-run Treasury securities, first and second old off-the-run Treasury securities, and Treasury securities subject to when-issued transactions, in each case subject to an exception for inter-affiliate transactions.<sup>7</sup> When FINRA proposes to increase transparency for other categories of Treasury securities, we look forward to working collaboratively to ensure cap sizes and delays are appropriately tailored to the liquidity characteristics of each particular instrument and market.

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We appreciate the opportunity to provide comments to the Commission regarding the Proposal and would be pleased to meet with the Commission or its staff to discuss our comments. If the staff has questions or comments, please do not hesitate to call Matthew Daigler, Vice President and Senior Counsel, or the undersigned at (202) 730-2600.

Respectfully submitted,

/s/ Jennifer W. Han

Jennifer W. Han  
Executive Vice President  
Chief Counsel & Head of Regulatory Affairs

cc: The Hon. Gary Gensler, Chair  
The Hon. Hester M. Peirce, Commissioner  
The Hon. Caroline A. Crenshaw, Commissioner  
The Hon. Mark T. Uyeda, Commissioner  
The Hon. Jaime Lizárraga, Commissioner  
Dr. Haoxiang Zhu, Director, Division of Trading and Markets  
Dr. Jessica Wachter, Chief Economist and Director, Division of Economic and Risk Analysis

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<sup>7</sup> See *supra* note 4.