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August 24, 2015

VIA ELECTRONIC MAIL

Marcia E. Asquith
Office of the Corporate Secretary
Financial Industry Regulatory Authority
1735 K Street, NW
Washington, DC 20006-1506

RE: FINRA Regulatory Notice 15-24: FINRA Requests Comment on the Reduction of the Delay Period for Historic TRACE Data

FINRA Regulatory Notice 15-26: FINRA Requests Comment on a New Academic TRACE Data Product

Dear Ms. Asquith:

On behalf of the Bond Dealers of America (“BDA”), I am pleased to submit this letter in response to the Financial Industry Regulatory Authority’s (“FINRA”) Regulatory Notice 15-24, requesting comment on a proposal to reduce the delay period for historic TRACE data sets and Regulatory Notice 15-26, requesting comment on a new academic TRACE data product. BDA is the only Washington, DC based group representing the interests of middle-market securities dealers and banks focused on the United States fixed income markets and we welcome this opportunity to present our comments on these Notices.

BDA supports initiatives to increase market transparency and investor education that do not create additional business risks for dealers. Therefore, BDA writes to support the proposal described by Regulatory Notice 15-24, to reduce the delay period for historic data sets from 18 months to six months. The data set will not identify dealers by attaching masked market participant identifiers (MPIDs). BDA believes that the risk of reverse engineering a specific dealer identity, trading strategy, or inventory is low.

However, BDA does not support the proposal described in Regulatory Notice 15-26, to create a new academic data product. That proposal does not adequately balance the risks associated with information leakage and the potential for reverse engineering a dealer identity with the benefits of academic research.

BDA does not support the proposed academic data set, which would expose dealers to new business risks

BDA appreciates the value of rigorous academic study of the fixed-income markets. However, BDA believes the proposed new academic data set would expose dealers to unnecessary business risks. The benefits of creating an academic data set, which would include masked dealer-specific identifiers, on a 24-month delay basis, are not outweighed by the business risks to dealers associated with reverse engineering of dealer identities, dealer trading strategies, and dealer inventories.

BDA believes that the data sets currently available include a sufficient level of detail to support rigorous study. The inclusion of a dealer-specific identifier in a data set would open dealers to myriad risks related to their trading strategies and business models. It is for this reason that FINRA has so far chosen to exclude a dealer identifier in its publicly disseminated information and data sets. BDA sees no compelling reason to halt that practice and urges FINRA to continue to protect dealer identities and trading strategies.

The fact that the proposal does not describe the intent to create a process to change the masked dealer identifiers, for each dealer, on a regular basis is problematic. Without changing the masked identifier, it will become much easier to identify a specific dealer based on its trading data over a longer period of time. A superior method would be to group dealers into multiple groups based on size, which would allow FINRA to reduce the risk of dealer identification.

BDA does not believe the risks to dealers associated with the academic data set proposal can be meaningfully reduced by the use of the proposed contract

Furthermore, the value of the contractual agreement which outlines the restrictions that will apply to the authorized academic data set purchasers do not adequately protect dealers. The academic studies will be detailed descriptions and analyses of the dealer-specific transactions based on the academic data set. The agreement to not attempt to reverse engineer a dealer's identity will not extend to a reader of any study. There may be specific contexts in which it may be easy for the reader of a study to identify a dealer based on an especially large percentage of trading volume in a security that the dealer has recently underwritten or due to other trading patterns in specific securities described in a study. Furthermore, nothing in the contract requires the academic institution to have a minimum required level of data security protections in place. Therefore, the valuable dealer-specific data would not be adequately protected from theft. In short, the contract does little to prevent the results it is designed to achieve—the protection of dealer identities.

In conclusion, BDA does not believe there is a compelling reason to put dealer identities at risk. While BDA supports transparency and investor education, including supporting the shortened delay period in Regulatory Notice 15-24, it cannot support the

academic data set proposed in Regulatory Notice 15-26, which puts dealer businesses at risk.

Thank you again for the opportunity to submit these comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Nicholas". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael Nicholas
Chief Executive Officer