



April 7, 2015

By Email
pubcom@finra.org

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: Regulatory Notice 15-03: Fixed Income Quotation Information and
Alternative Trading Systems

Dear Ms. Asquith:

Electronifie Securities LLC (Electronifie) appreciates the opportunity to comment on the Regulatory Notice 15-03 (the Notice) published by the Financial Industry Regulatory Authority (FINRA).

Electronifie is a broker-dealer registered with the Securities and Exchange Commission (the SEC) and a member of FINRA. Electronifie operates an Alternative Trading System (ATS) for a subset of TRACE-eligible corporate bonds. The Electronifie ATS has two order books: a limit order book with displayed and firm quotes, and a midpoint order book with non-displayed midpoint orders. Electronifie's focus is on providing institutional investors and dealers with much-needed liquidity in block-size and round-lot corporate bond trades.

FINRA requests comments on a proposal to require ATSs to submit to FINRA for regulatory purposes quotation information for corporate and agency debt securities, particularly for retail-sized trades. Electronifie supports FINRA's goal of strengthening its ability to surveil fixed income trading. However, as discussed in more detail below, we recommend that prior to filing it as a proposed rule change with the SEC, FINRA consider i) applying a quote-size threshold on the required submissions and ii) requiring that responses to a Request for Quote (RFQ) be submitted to FINRA in a manner similar to how quotations displayed to an ATS's subscriber base or subset of its subscriber base will be submitted.

I. Quote-Size Threshold

As FINRA cites in the Notice, the proposed reporting requirement would capture useful data, particularly for retail-sized trades. Electronifie supports FINRA's assertion that the data would be particularly useful for retail-sized trades, and as such, we suggest that FINRA adopts a quote-size threshold for reporting of \$100,000. As detailed in FINRA's 2014 TRACE Fact Book, trades less than \$100,000



were 65% of all trades in TRACE-eligible investment grade corporate bonds and over 50% of all trades in TRACE-eligible high yield corporate bonds. Electronifie believes that a quote-size threshold of \$100,000 will enable FINRA to achieve its goal of capturing useful data for its surveillance of retail trading in these debt securities, while at the same time limiting the reporting burden for ATs that exclusively quote non-retail-sized orders.

II. Request for Quote Inclusion

The Notice contains the intention to exclude from the requirement ATs or other venues that conduct a business based on a RFQ model from the requirement to report quotation information resulting from the RFQ process, where the quote provided is intended only for the requesting party and not a broader set of subscribers.

Electronifie recommends that FINRA consider including quotation information from both RFQ and non-RFQ venues. FINRA states that its goal is to improve its ability to surveil fixed income trading. Since trades executed through RFQ-based venues account for a material portion of overall market volumes – especially in retail-sized trades – we conclude that including quotes from RFQ venues would be necessary for FINRA to achieve this goal.

With the suggestions above taken into account, Electronifie supports the requirement for venues to submit quotation data to FINRA for regulatory and surveillance use only. FINRA remarks that the data will be evaluated for potential value and feasibility of public dissemination in the future. Electronifie strongly believes that without other necessary market structure changes, the public dissemination of such data could have a material impact on price discovery and liquidity formation. We would ask FINRA to conduct a robust data analysis on this potential impact and to have an extended comment period before proposing any such rule that would require quotations in these debt securities to be publicly disseminated.

III. Conclusion

Electronifie appreciates the opportunity to comment on the rule proposals. Please contact me at (646) 517-6535 if you would like clarification on any of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicole Olson".

Nicole Olson
Chief Strategy Officer